



COUNCIL CHAMBERS  
17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

**COUNCIL MEMBERS**

Dennis Kennedy, Mayor  
Mark Grzan, Mayor Pro Tempore  
Larry Carr, Council Member  
Greg Sellers, Council Member  
Steve Tate, Council Member

**REDEVELOPMENT AGENCY**

Dennis Kennedy, Chair  
Mark Grzan, Vice-Chair  
Larry Carr, Agency Member  
Greg Sellers, Agency Member  
Steve Tate, Agency Member

**WEDNESDAY, JULY 26, 2006**

**AGENDA**

**JOINT MEETING**

**CITY COUNCIL SPECIAL & REGULAR MEETING**

**and**

**REDEVELOPMENT AGENCY SPECIAL & REGULAR MEETING**

**5:00 P.M.**

*A Special Meeting of the City Council and Redevelopment Agency  
is Called at 5:00 P.M. for the Purpose of Conducting a Workshop.*

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**Dennis Kennedy, Mayor/Chairman**

**CALL TO ORDER**

(Mayor/Chairperson Kennedy)

**ROLL CALL ATTENDANCE**

(City Clerk/Agency Secretary Torrez)

**DECLARATION OF POSTING OF AGENDA**

**Per Government Code 54954.2**

(City Clerk/Agency Secretary Torrez)

**5:00 P.M.**

## ***City Council Action and Redevelopment Agency Action***

### **WORKSHOP**

1. **ECONOMIC DEVELOPMENT STRATEGY** ..... 11  
**Recommended Action(s):** *Conduct Workshop*

**7:00 P.M.**

### **SILENT INVOCATION**

### **PLEDGE OF ALLEGIANCE**

### **INTRODUCTIONS**

Chris Ghione, Recreation Manager  
*Recreation & Community Services Director Rymer*

### **CITY COUNCIL REPORT**

Mayor Pro Tempore Grzan

### **CITY COUNCIL COMMITTEE REPORTS**

### **CITY MANAGER'S REPORT**

### **CITY ATTORNEY'S REPORT**

### **OTHER REPORTS**

### **PUBLIC COMMENT**

**NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.**

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME  
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND  
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE  
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY  
COUNCIL/REDEVELOPMENT AGENCY.**

## ***City Council and Redevelopment Agency Action***

### **ADOPTION OF AGENDA**

## ***City Council Action***

### **CONSENT CALENDAR:**

#### **ITEMS 2-12**

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

#### **Time Estimate**

#### **Page**

**Consent Calendar: 1 - 10 Minutes**

2. **ACCEPTANCE OF FARALLON DRIVE STORM DRAIN AND MISCELLANEOUS STORM DRAIN REPAIR PROJECT** .....12  
**Recommended Action(s):**
  1. **Accept** as Complete the Farallon Drive Storm Drain System and Miscellaneous Storm Drain Repair Project in the Final Amount of \$367,973.; and
  2. **Direct** the City Clerk to File the Notice of Completion with the County Recorder's Office.
3. **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9602, MISSION RANCH PHASE VII**..... 14  
**Recommended Action(s):**
  1. **Adopt** Resolution Accepting the Subdivision Improvements Included in Tract 9602, Commonly Known as Mission Ranch Phase VII; and
  2. **Direct** the City Clerk to File a Notice of Completion with the County Recorder's Office.
4. **PRELIMINARY JUNE 2006 FINANCE AND INVESTMENT REPORT-CITY**.....17  
**Recommended Action(s):** **Accept** and **File** Report.
5. **AMENDMENT TO IMPROVEMENT AGREEMENT WITH LUSAMERICA**.....43  
**Recommended Action(s):** **Approve** Amendment to the Improvement Agreement with Lusamerica and Authorize the City Manager to Sign the Amendment on Behalf of the City; Subject to Review and Approval by the City Attorney.
6. **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9500, TUSCANY MEADOWS** .....44  
**Recommended Action(s):**
  1. **Adopt** Resolution Accepting the Subdivision Improvements Included in Tract 9500, Commonly Known as Tuscany Meadows; and
  2. **Direct** the City Clerk to File a Notice of Completion with the County Recorder's Office.

**Time Estimate** **Page**  
**Consent Calendar: 1 - 10 Minutes**

7. **PUBLIC WORKS LANDSCAPE MAINTENANCE AGREEMENT FOR FISCAL YEAR 2006-2008**.....47  
**Recommended Action(s):**  
  1. **Approve** Maintenance Agreement for Grounds and Landscape Maintenance Services for Fiscal Years 2006-2007 and 2007-2008 to New Image Landscape Company in the Amount of \$281,065; and
  2. **Authorize** the City Manager to Execute an Agreement on behalf of the City; Subject to Review and Approval by the City Attorney.
  
8. **RESOLUTION OF SUPPORT FOR ABAG TO CREATE A COUNTYWIDE SUB-REGION WITHIN THE REGIONAL HOUSING NEEDS ALLOCATION PROCESS**..... 48  
**Recommended Action(s):** **Adopt** Resolution Authorizing the City of Morgan Hill to Become a Member of a Countywide Sub-Region Consortium with the Purpose of Locally Administering the ABAG Regional Housing Needs Allocation Process.
  
9. **APPROVAL OF IMPROVEMENT AGREEMENT**.....49  
**Recommended Action(s):** **Authorize** the City Manager to Execute an Improvement Agreement with Morgan Hill Retail Venture L.P. for the Cochrane Road and Highway 101 Retail Center, Subject to Review and Approval by the City Attorney.
  
10. **ADOPT ORDINANCE NO. 1786, NEW SERIES**.....50  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1786, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A PLANNED UNIT DEVELOPMENT ON A 3.5 ACRE SITE LOCATED ON THE NORTHEAST CORNER OF THE INTERSECTION OF MONTEREY ROAD AND BISCEGLIA AVENUE (APNs 817-01-061, 062, 063 & 064) (ZA-05-09: Church-Alcini).**
  
11. **ADOPT ORDINANCE NO. 1787, NEW SERIES**.....51  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1787, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION DA-05-08 FOR APPLICATION MC 04-15: CHURCH - ALCINI (APN 817-01-061 & 064) (ZA-05-09: CHURCH-ALCINI).**
  
12. **ADOPT ORDINANCE NO. 1788, NEW SERIES**.....52  
**Recommended Action(s):** **Waive** the Reading, and **Adopt** Ordinance No. 1788, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO A PRECISE DEVELOPMENT PLAN FOR AN EXISTING PLANNED UNIT DEVELOPMENT (PUD) ORDINANCE (ORDINANCE NO. 1687) TO ALLOW AN APPROXIMATELY 167,500 SQUARE FOOT ABOVE GROUND MATHEMATICS CONFERENCE CENTER WITH A 34,385 SQUARE FOOT UNDERGROUND GARAGE AND A NEW 185 SPACE SURFACE PARKING LOT TO REPLACE AN EXISTING 121 SPACE PARKING LOT ON AN APPROXIMATELY 54 ACRE SITE LOCATED AT 14830 FOOTHILL AVENUE. (APNS 825-30-007 AND 825-29-002) (ZAA 03-03: FOOTHILL – THE INSTITUTE).**

## ***Redevelopment Agency Action***

### **CONSENT CALENDAR:**

#### **ITEMS 13-15**

	<b>Time Estimate</b>		<b>Page</b>
	<b>Consent Calendar: 1 - 10 Minutes</b>		
13.		<b><u>PRELIMINARY JUNE 2006 FINANCE AND INVESTMENT REPORT-RDA</u></b> .....	53
		<b><u>Recommended Action(s):</u></b> <u>Accept</u> and <u>File</u> Report.	
14.		<b><u>REQUEST FROM WESTON-MILES ARCHITECTS FOR A LOAN FOR OFF-SITE IMPROVEMENTS</u></b> .....	63
		<b><u>Recommended Action(s):</u></b> <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Loan Weston Miles Architects up to \$10,000 for Off-Site Improvements for Their Depot and Main Street Project, Subject to the Same Provisions as the Existing Loans.	
15.		<b><u>AUTHORIZATION TO APPLY FOR AND ACCEPT A CALIFORNIA HOUSING FINANCE AGENCY (CalHFA) RESIDENTIAL DEVELOPMENT LOAN FOR HOUSING PROJECTS</u></b> .....	64
		<b><u>Recommended Action(s):</u></b> <u>Adopt</u> a Resolution Authorizing the Executive Director to: 1) <u>Apply</u> to the California Housing Finance Agency (CalHFA) "Residential Development Loan" Program for a Loan of up to \$2,000,000, and 2) Do Everything Necessary and Appropriate to Accept and Execute the Loan Agreements with CalHFA; Subject to Review and Approval by the Agency Counsel, if Awarded.	

## ***City Council Action***

### **PUBLIC HEARINGS:**

	<b>Time Estimate</b>		<b>Page</b>
16.	<b>10 Minutes</b>	<b><u>ASSESSMENT OF HAZARDOUS VEGETATION MANAGEMENT PROGRAM CHARGES</u></b> .....	65
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Adopt</u> Resolution Ordering the Final Report on the 2006 Hazardous Vegetation Program be Transmitted to the County Assessor's Office and that Liens be Posted Against the Properties on the Report.	
17.	<b>5 Minutes</b>	<b><u>PUBLIC HEARING AND ADOPTION OF RESOLUTIONS CONFIRMING FISCAL YEAR 2006-2007 ANNUAL ASSESSMENT FOR THE FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT</u></b> .....	66
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion. Action- <u>Adopt</u> Resolutions Confirming the Fiscal Year 2006-2007 Annual Assessment for the Fox Hollow/Murphy Springs Assessment District.	

**PUBLIC HEARINGS:**

	<b>Time Estimate</b>		<b>Page</b>
18.	15 Minutes	<b><u>FORMATION OF PROPERTY-BASED IMPROVEMENT DISTRICT (PBID)</u></b> .....	67
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Council Discussion. Action- <b><u>Authorize</u></b> the City Clerk's Office to Open and Count the Ballots. Action- <b><u>Declare</u></b> the Results of the Ballot Process and Close Public Hearing.	
		If a majority of returned property owner ballots weighted by the Financial Obligations of the Assessment to be paid is met; than	
		Action- <b><u>Approve</u></b> the Resolution Authorizing the Formation of the PBID, the Levy, and Collection of Assessments for a Period of Five Years, Commencing Fiscal Year 2006-2007; and	
		Action- <b><u>Approve</u></b> the Final Engineer's Report (Previously Submitted).	

***Redevelopment Agency Action***

**OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
19.	10 Minutes	<b><u>COMMERCIAL REHABILITATION LOAN PROGRAM FOR DOWNTOWN SMALL BUSINESSES</u></b> .....	68
		<b><u>Recommended Action(s):</u></b> <b><u>Authorize</u></b> the Executive Director to do Everything Necessary and Appropriate to Develop and Implement a Commercial Rehabilitation Program for Downtown Businesses Based on the Approved Program Parameters, Including Execution of Loan Documents and Minor Modification of the Program Parameters; Subject to Review and Approval by Agency Counsel.	

***City Council Action***

**OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
20.	10 Minutes	<b><u>CONSIDERATION OF CONSTRUCTION BID FOR DEPOT STREET RECONSTRUCTION PROJECT</u></b> .....	69
		<b><u>Recommended Action(s):</u></b> <b><u>Consider</u></b> Bid Results from Depot Street Reconstruction Project and Staff Recommendation to be Presented at or Prior to Meeting.	
21.	30 Minutes	<b><u>REPORT ON POSSIBLE BALLOT MEASURE TO AMEND THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM ORDINANCE (MEASURE C) FOR DOWNTOWN MIXED USE PROJECTS</u></b> .....	70
		<b><u>Recommended Action(s):</u></b> Should the Council decide to place a measure on the ballot to amend the Residential Development Control System (RDCS), the appropriate action would be: <b><u>Adopt</u></b> a Resolution Calling and Giving Notice of the Holding of a General Municipal Election to be held on Tuesday, November 7, 2006 for the Submittal to the Voters of a Ballot Measure to Revise Ordinance No. 1665, New Series, to Allow for up to 100 Additional Housing Units, and the Removal of the Timing of Construction Limitations for Downtown Housing and Mixed Use Projects that are Consistent with the Downtown Plan.	

## ***Redevelopment Agency Action***

### **OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
22.	10 Minutes	<b><u>OWNER PARTICIPATION AGREEMENT (OPA) WITH GUNTER BUILDING, LLC. FOR THE REDEVELOPMENT OF THE FORMER GUNTER BROTHERS BUILDING</u></b> .....	71
		<b><u>Recommended Action(s):</u></b>	
		1. <b><u>Authorize</u></b> the Executive Director to do Everything Necessary and Appropriate to Execute and Implement the Owner Participation Agreement with Gunter Building, LLC. in the Amount of \$462,400; Subject to Review and Approval by Agency Counsel; and	
		2. <b><u>Appropriate</u></b> \$462,400 from Fund 317.	

## ***City Council Action***

### **PUBLIC HEARINGS:**

	<b>Time Estimate</b>		<b>Page</b>
23.	15 Minutes	<b><u>SPECIAL EVENT USERS FEES AND PARK/FIELD RENTALS</u></b> .....	72
		Public Hearing Opened. Please Limit Your Remarks to 3 Minutes. Public Hearing Closed Council Discussion.	
		Action- <b><u>Approve</u></b> Proposed Special Event User Fees and Park/Field Rentals.	
		Action- <b><u>Adopt</u></b> Resolution Establishing Special Event User Fees and Park/Field Rentals.	

## ***City Council Action***

### **OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
24.	10 Minutes	<b><u>CENTENNIAL RECREATION CENTER FITNESS EQUIPMENT PURCHASE</u></b> .....	76
		<b><u>Recommended Action(s):</u></b>	
		1. <b><u>Approve</u></b> Purchase Order of \$82,979.40 to Cybex International for the Purchase of Centennial Recreation Center Strength Machines, Free Weight, and Plate Loaded Equipment; and	
		2. <b><u>Approve</u></b> Purchase Order of \$21,580.38 to Advantage Fitness Products for the Purchase of Centennial Recreation Center Elliptical and Stretch Trainer Equipment; and	
		3. <b><u>Consider</u></b> Staff Recommendation Regarding Award for Bid for Cardiovascular Equipment.	

## City Council Action

### PUBLIC HEARINGS:

	Time Estimate		Page
25.	5 Minutes	<u><a href="#">ZONING TEXT AMENDMENT TO CHAPTER 18.47, AFFORDABLE HOUSING BONUSES AND OTHER INCENTIVES AND CHAPTER 18.55, SECONDARY DWELLING UNITS</a></u> .....	77
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- <u><b>Motion to Waive</b></u> the First and Second Reading of the Ordinance.	
		Action- <u><b>Motion to Introduce</b></u> Ordinance by Title Only. (Roll Call Vote)	

## City Council Action

### OTHER BUSINESS:

	Time Estimate		Page
26.	10 Minutes	<u><a href="#">MEASURE C BUILDING ALLOTMENT FOR FISCAL YEAR 2009-2010</a></u> .....XX	
		<u><b>Recommended Action(s): Adopt</b></u> Resolution Approving the Total Building Allotment for Fiscal Year 2009-2010; Reserving a Portion of the Total Allotment for a Micro Project Competition and Awarding the Remaining Allotment to On-Going Projects.	

## Redevelopment Agency Action

### OTHER BUSINESS:

	Time Estimate		Page
27.	10 Minutes	<u><a href="#">URBAN HOUSING COMMUNITIES (UHC) SENIOR HOUSING PROJECT</a></u> .....	78
		<u><b>Recommended Action(s):</b></u>	
		1. <u><b>Authorize</b></u> the Executive Director to do Everything Necessary and Appropriate to Purchase and Acquire a 2.8 Acre Site at 98 East Central Avenue from Capogeannis Trust for \$3,725,000 Less Deposits Applied Toward the Purchase Price, Plus Closing and Escrow Costs for a 49-Unit Senior Housing Project, Including the Assumption of the Purchase Agreement from Urban Housing Communities, Subject to Agency Counsel Review; and	
		2. <u><b>Negotiate, Prepare, and Execute</b></u> an Exclusive Right to Negotiate (ERN) Agreement with Urban Housing Communities, Subject to Agency Counsel Review, to Develop the Site Which will Include the Reimbursement of Their Deposits for the Property Purchase; Subject to Agency Counsel Review.	



## ***City Council and Redevelopment Agency Action***

### **OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
28.	10 Minutes	<b><u>DOWNPAYMENT ASSISTANCE PROGRAM</u></b> .....	79
		<b><u>Recommended Action(s):</u></b> <b><u>Authorize</u></b> the City Manager/Executive Director to Develop and Implement the Down Payment Assistance Program for City Employees Per the Program Parameters as Recommended by the Council's Community and Economic Development Committee (C&ED).	

## ***City Council and Redevelopment Agency Action***

### **OTHER BUSINESS:**

	<b>Time Estimate</b>		<b>Page</b>
29.	5 Minutes	<b><u>REQUEST BY POPPY JASPER FILM FESTIVAL FOR CITY CO-SPONSORSHIP</u></b> .....	81
		<b><u>Recommended Action(s):</u></b>	
		1. Council Determination as to Whether to <b><u>Sponsor</u></b> the Poppy Jasper Film Festival, Allowing Advertising in the City's Publications; and	
		2. <b><u>Defer</u></b> Action on the Request for Financial Assistance Until the Committee has Completed its Review and Recommendation for a Process for Considering Similar Requests.	
30.	5 Minutes	<b><u>VOTING DELEGATE TO THE 2006 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE</u></b> .....	82
		<b><u>Recommended Action(s):</u></b>	
		1. <b><u>Appoint</u></b> Voting Delegate and Alternate Voting Delegate to the League of California Cities' Annual Conference;	
		2. <b><u>Consider</u></b> the Appointment of a Second Alternate Voting Delegate; and	
		3. <b><u>Direct</u></b> the City Clerk to Complete the Voting Delegate Form and <b><u>Forward</u></b> said form to the League of California Cities.	

### **FUTURE COUNCIL-INITIATED AGENDA ITEMS:**

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

### **ADJOURNMENT**

**PUBLIC COMMENTS ON ITEMS *NOT* APPEARING ON AGENDA**

Following the opening of Council/Agency business, the public may present comments on items *NOT* appearing on the agenda that are within the Council's/Agency's jurisdiction. Should your comments require Council/Agency action, your request will be placed on the next appropriate agenda. No Council/Agency discussion or action may be taken until your item appears on a future agenda. You may contact the City Clerk/Agency Secretary for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your presentation to three (3) minutes.

**PUBLIC COMMENTS ON ITEMS APPEARING ON AGENDA**

The Morgan Hill City Council/Redevelopment Agency welcomes comments from all individuals on any agenda item being considered by the City Council/Redevelopment Agency. Please complete a Speaker Card and present it to the City Clerk/Agency Secretary. This will assist the Council/Agency Members in hearing your comments at the appropriate time. Speaker cards are available on the table in the foyer of the Council Chambers. In accordance with Government Code 54953.3 it is not a requirement to fill out a speaker card in order to speak to the Council/Agency. However, it is very helpful to the Council/Agency if speaker cards are submitted. As your name is called by the Mayor/Chairman, please walk to the podium and speak directly into the microphone. Clearly state your name and address and then proceed to comment on the agenda item. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the City Council/Agency Commission are limited to three minutes. We appreciate your cooperation.

**NOTICE**

**AMERICANS WITH DISABILITIES ACT (ADA)**

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City. If you need special assistance to access the meeting room or to otherwise participate at this meeting, including auxiliary aids or services, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation. Please make your request at least 48 hours prior to the meeting to enable staff to implement reasonable arrangements to assure accessibility to the meeting.

If assistance is needed regarding any item appearing on the City Council/Agency Commission agenda, please contact the Office of the City Clerk/Agency Secretary at City Hall, 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.

**NOTICE**

Notice is given, pursuant to Government Code Section 65009, that any challenge of Public Hearing Agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the City Council/Agency Commission at, or prior to the Public Hearing on these matters.

**NOTICE**

The time within which judicial review must be sought of the action by the City Council/Agency Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

**Agenda Item # 1**

**Prepared By:**

**Director of BAHS**

**Submitted By:**

**City Manager**

### **WORKSHOP TO DISCUSS THE ECONOMIC DEVELOPMENT STRATEGY**

**RECOMMENDED ACTION(S):** Conduct Workshop

#### **EXECUTIVE SUMMARY:**

Attached is the proposed agenda for the Council workshop. At the workshop we plan to provide a brief overview of the Economic Development (ED) Strategy. The workshop will also include a discussion of the ED inhibitors, findings of the Customer Service Development Audit, Performance Measures as they relate to the ED Strategy. However, the focus of the discussion will be the ED strategy. The Council will receive a separate packet containing additional background materials for the workshop.

**FISCAL/RESOURCE IMPACT:** None



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE: JULY 26, 2006**

**Agenda Item # 2**

**Prepared By:**

**Senior Engineer**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**

### **ACCEPTANCE OF FARALLON DRIVE STORM DRAIN AND MISCELLANEOUS STORM DRAIN REPAIR PROJECT**

#### **RECOMMENDED ACTION(S):**

1. Accept as complete the Farallon Drive Storm Drain System and Miscellaneous Storm Drain Repair project in the final amount of \$367,973.
2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's Office.

**EXECUTIVE SUMMARY:** The construction contract for the Farallon Drive Storm Drain System and Miscellaneous Storm Drain Repair project was awarded to Casey Construction by City Council at their November 2, 2005 meeting in the amount of \$347,685, plus a ten percent contingency of \$34,768, for a total not to exceed amount of \$382,453.

The scope of the work for this project included the installation of storm drain pipe, manholes, drain inlets, concrete and earth swales, trench restoration, slurry seal and striping per the Plans and Specification documents. The general location of the work is shown on the attached map.

Two change orders totaling \$20,288 were approved for unforeseen conditions, which brings the total contract amount to \$367,973. The work was substantially complete by July 14, 2006 in accordance with the Contract, Plans and Specifications.

**FISCAL/RESOURCE IMPACT:** The total construction cost for this project is \$367,973. This project was funded under CIP Project Number #415A05 with the balance of \$200,000 at the time of the award and an additional \$182,453 which was transferred from the Dunne and Hill Road storm drain project #421004.

Record at the request of  
And when recorded mail to:

CITY OF MORGAN HILL  
CITY CLERK  
17555 Peak Avenue  
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION  
CITY OF MORGAN HILL

**FARALLON DRIVE STORM DRAIN SYSTEM AND  
MISCELLANEOUS STORM DRAIN REPAIR PROJECT**

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on the 26<sup>th</sup> day of July, 2006, did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to Casey Construction, on November 2, 2005, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on July 14, 2006, accepted by the City Council on July 26, 2006, and that the name of the surety on the contractor's bond for labor and materials on said project is Contractors Bonding and Insurance Company.

That said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner: City of Morgan Hill  
17555 Peak Avenue  
Morgan Hill, California

Dated: \_\_\_\_\_, 2006.

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Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

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Irma Torrez, City Clerk  
City of Morgan Hill, CA  
Date:



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

### **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9602, MISSION RANCH PH.VII**

#### **RECOMMENDED ACTION(S):**

1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9602, commonly known as Mission Ranch Ph. VII.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

#### **EXECUTIVE SUMMARY:**

Tract 9602 is a 21 lot subdivision located on the southeast corner of Cochrane Road and Peet Road (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Mission Ranch L.P., dated September 16, 2004 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

<u>Street Name</u>	<u>Street Length</u>
Serra Court	0.08 miles
Mission Avenida	0.20 miles

The value of the public improvements being accepted is \$595,285.

**FISCAL/RESOURCE IMPACT:** Staff time for this project was paid for by development fees.

**Agenda Item # 3**

**Prepared By:**

\_\_\_\_\_  
**Senior Engineer**

**Approved By:**

\_\_\_\_\_  
**Public Works Director**

**Submitted By:**

\_\_\_\_\_  
**City Manager**

**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MORGAN HILL ACCEPTING THE SUBDIVISION  
IMPROVEMENTS FOR TRACT 9602, MISSION RANCH PH.VII**

**WHEREAS**, the owner of Tract 9602, designated as Mission Ranch Ph. VII, entered into a Subdivision Improvement Agreement on September 16, 2004 and

**WHEREAS**, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

**NOW, THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of September 16, 2004.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

**PASSED AND ADOPTED** this 26<sup>th</sup> day of July, 2006.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

**CERTIFICATION**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA**, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of July 26, 2006.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ**, City Clerk

Record at the request of  
and when recorded mail to:

CITY OF MORGAN HILL  
CITY CLERK  
17555 Peak Avenue  
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

**TRACT 9602, MISSION RANCH PH. VII**

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on June 27, 2006, by Mission Ranch L.P., the subdivider of record and accepted by the City Council on July 26, 2006. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Developers Surety and Indemnity Company.

Name and address of Owner: City of Morgan Hill  
17555 Peak Avenue  
Morgan Hill, California

Dated: \_\_\_\_\_, 2006.

\_\_\_\_\_  
Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk  
City of Morgan Hill, CA  
Date:





## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

### **PRELIMINARY JUNE 2006 FINANCE & INVESTMENT REPORT**

#### **RECOMMENDED ACTION:**

Accept and File Report

#### **EXECUTIVE SUMMARY:**

Attached is the preliminary monthly Finance and Investment Report for the period ended June 30, 2006. The report preliminarily covers the first twelve months of activity for the 2005/2006 fiscal year. The final monthly report for the twelve months ended June 30, 2006, will be submitted to the City Council in August. A summary of the preliminary report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

**FISCAL IMPACT:** as presented

**Agenda Item # 4**

**Prepared By:**

\_\_\_\_\_  
**Finance Director**

**Submitted By:**

\_\_\_\_\_  
**City Manager**

**CITY OF MORGAN HILL**  
**Monthly Financial and Investment Reports**  
**Preliminary June 30, 2006 – 100% Year Complete**



**CITY OF MORGAN HILL**

**Prepared by:**  
**FINANCE DEPARTMENT**



CITY OF MORGAN HILL, CALIFORNIA  
PRELIMINARY FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06  
FOR THE MONTH OF JUNE 2006 - 100% OF YEAR COMPLETE

This analysis of the status of the City's financial situation preliminarily reflects 100% of the year. Final numbers will be reflected in the final report to be presented to the City Council in August.

- \* **General Fund** - The revenues received in the General Fund were approximately 103% of the budgeted revenues. A total of \$5,658,087, or 115% of the budget, in property related taxes has preliminarily been received by the City. Property tax receipts preliminarily included \$2,331,517 in motor vehicle in-lieu backfill revenue. The amount of Sales Tax collected was preliminarily 111% of the sales tax revenue budget and was 15% more than the amount collected for the same period last year. Sales tax receipts included \$1,491,436 related to triple flip legislation and withheld from previous sales tax collections. Preliminary Franchise Fee revenues amounted to 85% of the budget; however, this does not include the final quarter of refuse franchise fees that have not yet been received by the City. Business license and other permit collections through June were preliminarily 103% of the budgeted amount. Motor Vehicle-in-Lieu revenues were preliminarily \$202,992, or 108% of the budgeted amount, and 2% less than last year. Interest & Other Revenue was preliminarily 98% of budget and did not reflect certain interest earnings, not yet received, that are still to be accrued.
- \* The General Fund expenditures and encumbrances to date preliminarily totaled 97% of the budgeted appropriations. Certain expenditures are still to be accrued for the 2005/06 fiscal year.
- \* Available fund balance as of June 30, 2006, is now projected to be \$9,432,665, including \$4,820,014 in required reserves. This includes the effect of a \$622,000 projected operating deficit for Fiscal Year 2005/06. The 2005/06 budget originally anticipated a \$1.3 million operating deficit. This deficit was reduced primarily because projected sales taxes for 2005/06 will be \$460,000 higher than originally estimated and because property taxes will be \$440,000 higher than originally estimated.
- \* **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives TOT on a quarterly basis. Taxes through June 30 totaled \$769,719, or 79% of the budget, and 10% more than the prior year amount. Taxes for the months of April, May, and June have not yet been received and will be collected by the City after the end of the quarter ending June 30.
- \* **Community Development** - Revenues were preliminarily 105% of budget, which was 12% less than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were preliminarily 94% of budget; Building has preliminarily expended or encumbered 95% of budget and Engineering 99%. Community Development has preliminarily expended or encumbered a combined total of 96% of the 2005/06 budget, including \$220,219 in encumbrances. If encumbrances were excluded, Community Development would have preliminarily spent only 90% of the combined budget.
- \* **RDA and Housing** - A total of \$24,885,706, or 103% of the budget, in property tax increment revenues has preliminarily been received as of June 30, 2006. Expenditures plus encumbrances preliminarily totaled 77% of budget. If encumbrances totaling \$18,470,584 were excluded, the RDA would have preliminarily spent only 47% of the combined budget.



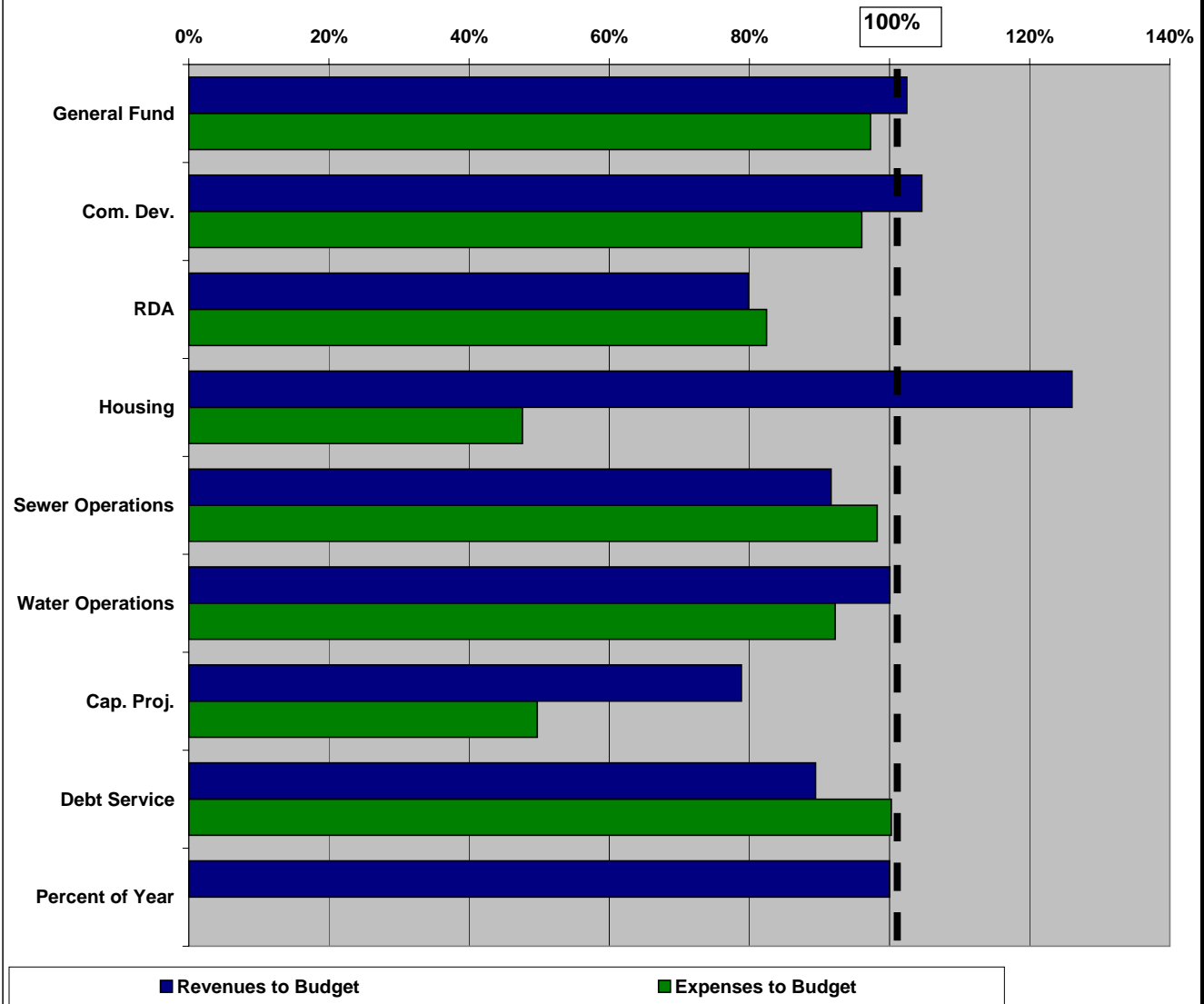
CITY OF MORGAN HILL, CALIFORNIA  
PRELIMINARY FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06  
FOR THE MONTH OF JUNE 2006 - 100% OF YEAR COMPLETE

- \* **Water and Wastewater Operations-** Water Operations revenues, including service fees, were preliminarily 100% of budget. Expenditures preliminarily totaled 92% of appropriations. Wastewater Operations revenues, including service fees, were preliminarily 92% of budget. Expenditures for Wastewater Operations were preliminarily 98% of budget.
- \* **Investments maturing/called/sold during this period.** – During the month of June, the City purchased \$2 million in federal agency investments and \$2 million in federal treasury investments. Further details of investments are included on pages 6-8 of this report.



# Morgan Hill YTD Revenue & Expense Summary

Preliminary June 30, 2006 - 100% Year Complete



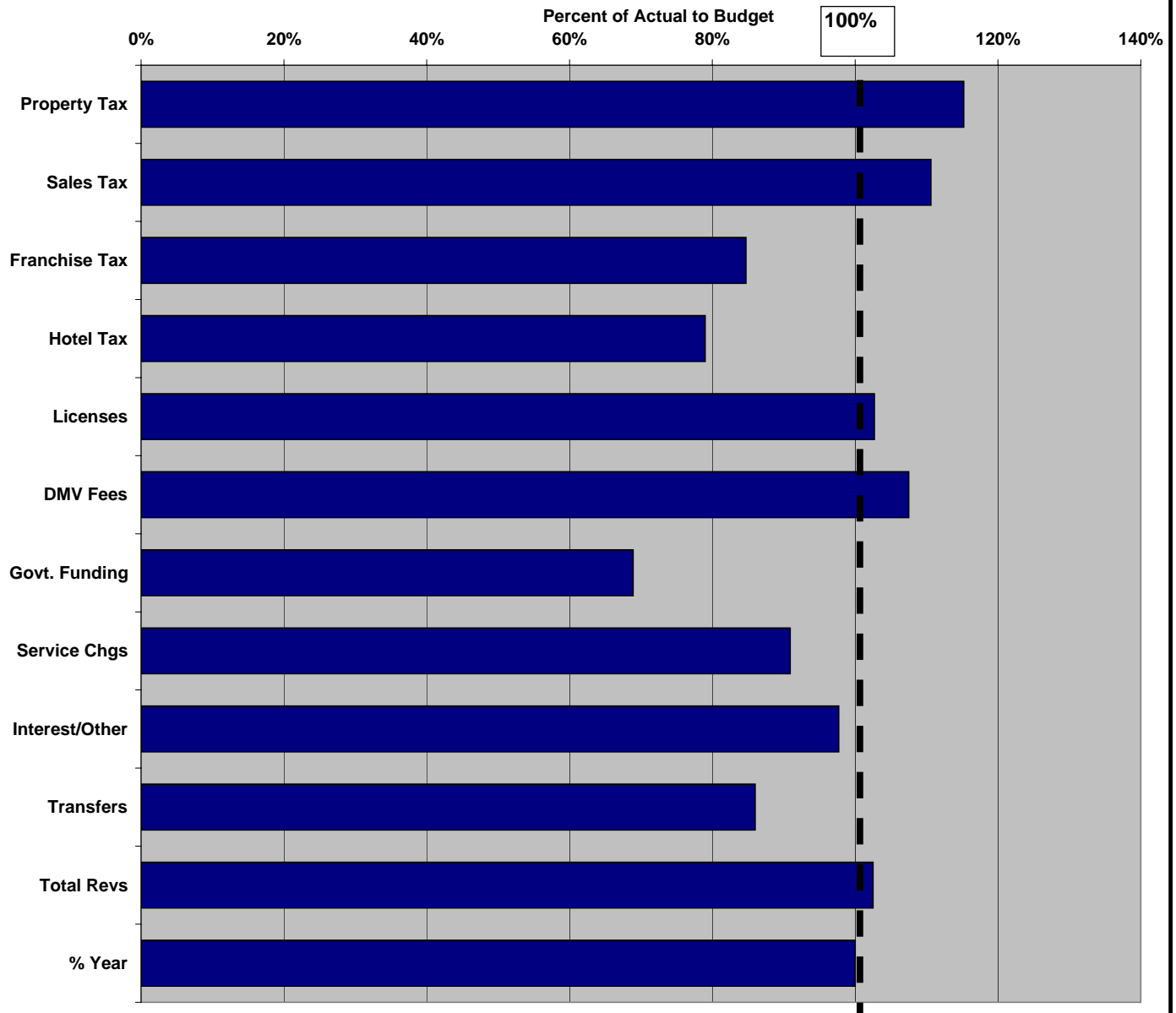
FUND NAME	REVENUES		EXPENSES		06/30/2006 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$19,339,264	102%	\$20,105,907	97%	\$9,187,963
Community Development	3,162,970	105%	3,569,372	96%	1,959,615
RDA	22,493,514	80%	41,685,904	82%	(7,081,060)
Housing/CDBG	6,189,353	126%	5,607,431	48%	6,804,372
Sewer Operations	5,439,873	92%	6,723,434	98%	1,563,859
Sewer Other	3,418,339	147%	3,733,995	83%	12,651,404
Water Operations	7,654,233	100%	8,260,529	92%	3,517,145
Water Other	1,800,671	115%	3,625,654	81%	2,089,625
Other Special Revenues <sup>1</sup>	1,365,122	101%	1,380,878	47%	4,963,789
Capital Projects & Streets Funds	7,853,469	79%	8,976,911	50%	25,245,398
Debt Service Funds	705,652	89%	716,635	100%	852,813
Internal Service	5,215,993	94%	4,323,752	85%	6,358,956
Agency	3,249,497	137%	2,992,920	130%	4,478,542
<b>TOTAL FOR ALL FUNDS</b>	<b>\$87,887,950</b>	<b>95%</b>	<b>\$111,703,322</b>	<b>80%</b>	<b>\$72,592,421</b>

<sup>1</sup> Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



# Morgan Hill YTD General Fund Revenues

Preliminary June 30, 2006 - 100% Year Complete

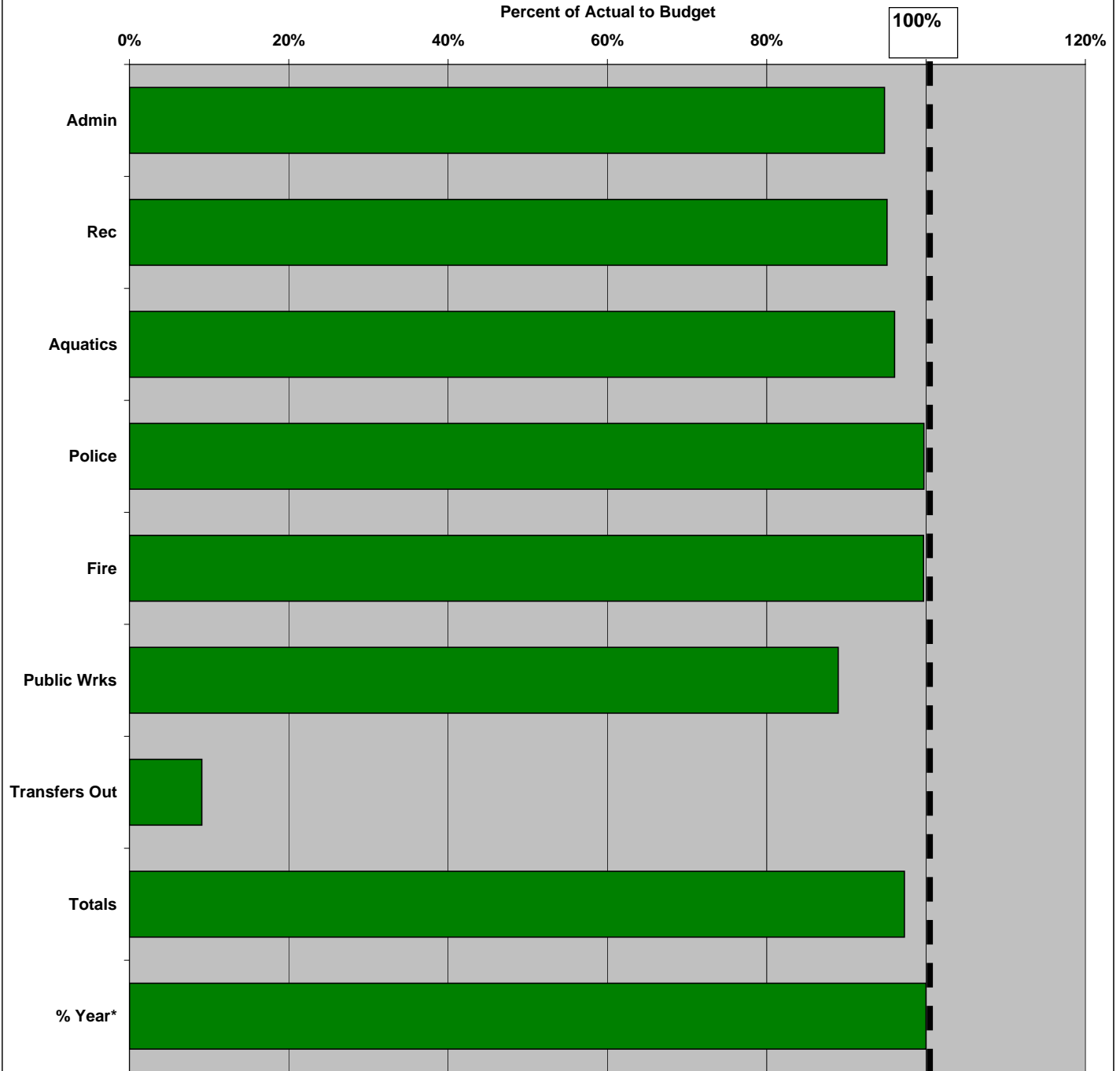


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$4,911,595	\$5,658,087	115%	\$4,767,384	19%
SALES TAXES	\$5,724,600	\$6,330,256	111%	\$5,528,014	15%
FRANCHISE FEE	\$1,030,700	\$872,506	85%	\$849,477	3%
HOTEL TAX	\$974,560	\$769,719	79%	\$701,838	10%
LICENSES/PERMITS	\$161,680	\$166,091	103%	\$201,508	-18%
MOTOR VEHICLE IN LIEU	\$188,776	\$202,992	108%	\$207,346	-2%
FUNDING - OTHER GOVERNMENTS	\$266,400	\$183,497	69%	\$207,995	-12%
CHARGES CURRENT SERVICES	\$3,890,825	\$3,538,527	91%	\$3,404,227	4%
INTEREST & OTHER REVENUE	\$1,151,300	\$1,124,749	98%	\$957,689	17%
TRANSFERS IN	\$573,210	\$492,840	86%	\$388,100	27%
TOTALS	\$18,873,646	\$19,339,264	103%	\$17,213,578	12%



# Morgan Hill YTD General Fund Expenditures

Preliminary June 30, 2006- 100% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	3,509,140	3,334,296	94.78%
RECREATION/CCC	1,688,751	1,574,645	95.10%
AQUATICS	1,403,838	1,348,396	96.05%
POLICE	8,866,340	8,842,252	99.73%
FIRE	4,377,495	4,363,334	99.68%
PUBLIC WORKS	711,485	632,984	88.97%
TRANSFERS OUT	110,000	10,000	9.09%
TOTALS	\$ 20,667,049	\$ 20,105,907	97.28%



**City of Morgan Hill**  
**Fund Activity Summary - Fiscal Year 2005/06**  
**Preliminary For the Month of June 2006**  
**100% of Year Completed**

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
010	GENERAL FUND	\$9,954,606	\$19,339,264	102%	\$19,895,819	96%	(\$556,555)	\$210,088	\$9,187,963	\$9,836,933	\$6,112
<b>TOTAL GENERAL FUND</b>		<b>\$9,954,606</b>	<b>\$19,339,264</b>	<b>102%</b>	<b>\$19,895,819</b>	<b>96%</b>	<b>(\$556,555)</b>	<b>\$210,088</b>	<b>\$9,187,963</b>	<b>\$9,836,933</b>	<b>\$6,112</b>
202	STREET MAINTENANCE	\$1,269,242	\$1,786,651	37%	\$2,365,632	43%	(\$578,981)	\$562,241	\$128,020	\$698,184	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$256,490	\$106,781	98%	\$198,781	113%	(\$92,000)		\$164,490	\$164,489	
206	COMMUNITY DEVELOPMENT	\$2,366,017	\$3,162,970	105%	\$3,349,153	90%	(\$186,183)	\$220,219	\$1,959,615	\$2,303,584	
207	GENERAL PLAN UPDATE	\$326,302	\$244,219	108%	\$184,597	52%	\$59,622	\$57,658	\$328,266	\$387,096	
210	COMMUNITY CENTER	\$203,282	\$5,818	6%	\$50,808	n/a	(\$44,990)		\$158,292	\$158,292	
215 / 216	CDBG	152,202	\$99,502	20%	\$200,908	26%	(\$101,406)	621,823	(\$571,027)	\$58,602	
225	ASSET SEIZURE	\$8,930	\$248	15%	\$300	n/a	(\$52)		\$8,878	\$8,877	
229	LIGHTING AND LANDSCAPE	(\$4,556)	\$149,267	108%	\$140,428	96%	\$8,839	\$11,611	(\$7,328)	\$8,080	
232	ENVIRONMENTAL PROGRAMS	\$779,095	\$396,924	70%	\$406,372	85%	(\$9,448)	\$42,679	\$726,968	\$775,635	
234	MOBILE HOME PK RENT STAB.	\$167,364	\$10,586	107%	\$167,771	3472%	(\$157,185)		\$10,179	\$10,060	
235	SENIOR HOUSING	\$250,448	\$7,085	103%	\$3,275	4%	\$3,810		\$254,258	\$254,258	
236	HOUSING MITIGATION	\$2,335,762	\$400,501	286%	13,179	1%	\$387,322	1,821	\$2,721,263	\$2,723,084	
240	EMPLOYEE ASSISTANCE	\$75,939	\$27,875	65%	28,362	26%	(\$487)		\$75,452	\$74,349	
247	ENVIRONMENT REMEDIATION	\$580,489	15,818	186%	73,236	48%	(\$57,418)		\$523,071	\$498,071	
<b>TOTAL SPECIAL REVENUE FUNDS</b>		<b>\$8,767,006</b>	<b>\$6,414,245</b>	<b>66%</b>	<b>\$7,182,802</b>	<b>55%</b>	<b>(\$768,557)</b>	<b>\$1,518,052</b>	<b>\$6,480,397</b>	<b>\$8,122,662</b>	
301	PARK DEV. IMPACT FUND	\$4,030,817	\$1,575,805	193%	\$197,180	6%	\$1,378,625	\$185,154	\$5,224,288		\$5,413,348
302	PARK MAINTENANCE	\$3,554,129	\$382,355	92%	\$166,978	35%	\$215,377	\$2,564	\$3,766,942	\$3,769,506	
303	LOCAL DRAINAGE	\$3,799,031	\$396,533	31%	\$12,373	1%	\$384,160		\$4,183,191		\$4,183,191
304	LOCAL DRAINAGE/NON-AB1600	\$3,456,214	\$254,752	71%	\$678,262	53%	(\$423,510)	\$178,366	\$2,854,338	\$2,990,134	
306	OPEN SPACE	\$1,249,785	\$305,188	179%	2,869		\$302,319		\$1,552,104	\$1,552,104	
309	TRAFFIC IMPACT FUND	\$3,319,523	\$1,735,284	154%	\$725,509	34%	\$1,009,775	\$1,034,599	\$3,294,699		\$4,369,773
311	POLICE IMPACT FUND	\$177,081	\$99,556	94%	\$218,436	84%	(\$118,880)		\$58,201		\$58,200
313	FIRE IMPACT FUND	\$2,516,441	\$193,707	99%	\$1,378	0%	\$192,329		\$2,708,770		\$2,708,770
317	REDEVELOPMENT AGENCY	12,182,379	\$22,493,514	80%	\$23,462,439	46%	(\$968,925)	18,294,514	(\$7,081,060)	\$11,333,366	
327 / 328	HOUSING	6,764,866	\$6,089,851	138%	\$5,022,199	49%	\$1,067,652	457,119	\$7,375,399	\$7,977,936	
340/342	MORGAN HILL BUS.RANCH I & II	24,491	\$780	25%	-		\$780	-	\$25,271	\$25,271	
346	PUBLIC FACILITIES NON-AB1600	\$786,512	\$409,546	180%	325,686		\$83,860	\$395,771	\$474,601	\$870,373	
347	PUBLIC FACILITIES IMPACT FUND	504,550	\$360,474	464%	\$65,591	92%	\$294,883	-	\$799,433		\$799,432
348	LIBRARY IMPACT FUND	\$575,154	\$195,988	159%	\$202	0%	\$195,786	\$650,000	\$120,940		\$770,941
350	UNDERGROUNDING	1,022,340	44,427	23%	\$531,838	48%	(\$487,411)	670,108	(\$135,179)	\$540,943	
360	COMM/REC CTR IMPACT FUND	\$83,530	112,423	23%	6,174	3%	\$106,249		\$189,779	\$189,779	
<b>TOTAL CAPITAL PROJECT FUNDS</b>		<b>\$44,046,843</b>	<b>\$34,650,183</b>	<b>92%</b>	<b>\$31,417,114</b>	<b>43%</b>	<b>\$3,233,069</b>	<b>\$21,868,195</b>	<b>\$25,411,717</b>	<b>\$29,249,411</b>	<b>\$18,303,654</b>
441	POLICE FACILITY BOND DEBT	\$456,374	497,353	n/a	483,787		\$13,566		\$469,940	(\$45,481)	\$515,422
545	COCHRANE BUSINESS PARK	\$372,751	178,660	80%	196,520	100%	(\$17,860)		\$354,891	\$173,940	\$180,950
551	JOLEEN WAY	\$34,671	\$29,639	80%	\$36,328	100%	(\$6,689)		\$27,982	\$10,733	\$17,249
<b>TOTAL DEBT SERVICE FUNDS</b>		<b>\$863,796</b>	<b>\$705,652</b>	<b>89%</b>	<b>\$716,635</b>	<b>100%</b>	<b>(\$10,983)</b>		<b>\$852,813</b>	<b>\$139,192</b>	<b>\$713,621</b>





**City of Morgan Hill**  
**Fund Activity Summary - Fiscal Year 2005/06**  
**Preliminary For the Month of June 2006**  
**100% of Year Completed**

Fund No.	Fund	Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted <sup>2</sup>
640	SEWER OPERATIONS	\$13,448,714	\$5,439,873	92%	\$6,660,397	97%	(\$1,220,524)	\$10,664,331	\$1,563,859	\$1,507,748	\$1,895,609
641	SEWER IMPACT FUND	11,397,916	\$2,767,139	145%	\$2,604,905	76%	\$162,234	5,129,645	\$6,430,505		\$6,715,693
642	SEWER RATE STABILIZATION	\$4,573,148	\$608,982	511%	\$2,114	100%	\$606,868		\$5,180,016	\$5,180,016	
643	SEWER-CAPITAL PROJECTS	9,525,501	\$42,218	14%	\$860,394	81%	(\$818,176)	7,666,442	\$1,040,883	\$1,122,239	
650	WATER OPERATIONS	\$23,612,699	\$7,654,233	100%	\$7,970,859	89%	(\$316,626)	\$19,778,928	\$3,517,145	\$3,341,850	\$390,244
651	WATER IMPACT FUND	3,666,471	\$989,178	174%	\$1,474,390	66%	(\$485,212)	8,710,869	(\$5,529,611)		\$3,346,993
652	WATER RATE STABILIZATION	\$26,896	\$707,373	101%	\$492	100%	\$706,881		\$733,777	\$733,777	
653	WATER -CAPITAL PROJECT	9,084,344	\$104,120	35%	\$1,587,314	65%	(\$1,483,194)	715,693	\$6,885,459	\$2,109,951	\$216,727
<b>TOTAL ENTERPRISE FUNDS</b>		<b>\$75,335,689</b>	<b>\$18,313,116</b>	<b>105%</b>	<b>\$21,160,865</b>	<b>85%</b>	<b>(\$2,847,749)</b>	<b>\$52,665,908</b>	<b>\$19,822,033</b>	<b>\$13,995,580</b>	<b>\$12,565,266</b>
730	DATA PROCESSING	482,422	\$254,201	100%	\$257,320	74%	(\$3,119)	285,807	\$193,496	\$342,754	
740	BUILDING MAINTENANCE	1,045,710	\$1,666,365	100%	\$1,270,311	92%	\$396,054	45,316	\$1,396,448	\$1,513,928	
745	CIP ADMINISTRATION	23,328	\$1,229,831	87%	\$1,284,410	92%	(\$54,579)	71,775	(\$103,026)	\$76,763	
760	UNEMPLOYMENT INS.	\$32,787	\$58,306	100%	\$9,429	17%	\$48,877		\$81,664	\$81,665	
770	WORKER'S COMP.	293,995	\$836,158	91%	\$365,796	48%	\$470,362	-	\$764,357	\$1,045,356	\$40,000
790	EQUIPMENT REPLACEMENT	3,515,756	\$529,602	96%	\$283,081	59%	\$246,521	687,568	\$3,074,709	\$3,260,664	
793	CORPORATION YARD	245,860	\$112,631	71%	\$116,027	na	(\$3,396)	230,929	\$11,535	\$54,424	
795	GEN'L LIABILITY INS.	\$770,280	\$528,899	104%	\$359,406	75%	\$169,493		\$939,773	\$1,029,576	
<b>TOTAL INTERNAL SERVICE FUNDS</b>		<b>\$6,410,138</b>	<b>\$5,215,993</b>	<b>94%</b>	<b>\$3,945,780</b>	<b>78%</b>	<b>\$1,270,213</b>	<b>\$1,321,395</b>	<b>\$6,358,956</b>	<b>\$7,405,130</b>	<b>\$40,000</b>
820	SPECIAL DEPOSITS									\$1,347,753	
843	M.H. BUS. RANCH 1998	\$1,548,382	\$855,311	87%	\$874,614	101%	(\$19,303)		\$1,529,079	\$626,822	\$904,416
844,842,841	MH RANCH RSMNT 2004A	\$1,051,368	876,069		\$905,013	102%	(\$28,944)		\$1,022,424	\$401,270	\$621,153
845,846	MADRONE BP-A/B	\$1,129,698	\$1,504,234		\$1,199,029	226%	\$305,205		\$1,434,903	\$421,244	\$1,013,659
848	TENNANT AVE.BUS.PK A.D.	\$470,489	\$13,327	87%	\$10,038	na	\$3,289		\$473,778	\$473,778	
881	POLICE DONATION TRUST FUND	\$22,028	\$556	87%	\$4,226	na	(\$3,670)		\$18,358		\$18,359
<b>TOTAL AGENCY FUNDS</b>		<b>\$4,221,965</b>	<b>\$3,249,497</b>	<b>137%</b>	<b>\$2,992,920</b>	<b>130%</b>	<b>\$256,577</b>		<b>\$4,478,542</b>	<b>\$3,270,867</b>	<b>\$2,557,587</b>
<b>SUMMARY BY FUND TYPE</b>											
GENERAL FUND GROUP		\$9,954,606	\$19,339,264	102%	\$19,895,819	96%	(\$556,555)	\$210,088	\$9,187,963	\$9,836,933	\$6,112
SPECIAL REVENUE GROUP		\$8,767,006	\$6,414,245	66%	\$7,182,802	55%	(\$768,557)	\$1,518,052	\$6,480,397	\$8,122,662	
DEBT SERVICE GROUP		\$863,796	\$705,652	89%	\$716,635	100%	(\$10,983)		\$852,813	\$139,192	\$713,621
CAPITAL PROJECTS GROUP		\$44,046,843	\$34,650,183	92%	\$31,417,114	43%	\$3,233,069	\$21,868,195	\$25,411,717	\$29,249,411	\$18,303,654
ENTERPRISE GROUP		\$75,335,689	\$18,313,116	105%	\$21,160,865	85%	(\$2,847,749)	\$52,665,908	\$19,822,033	\$13,995,580	\$12,565,266
INTERNAL SERVICE GROUP		\$6,410,138	\$5,215,993	94%	\$3,945,780	78%	\$1,270,213	\$1,321,395	\$6,358,956	\$7,405,130	\$40,000
AGENCY GROUP		\$4,221,965	\$3,249,497	137%	\$2,992,920	130%	\$256,577		\$4,478,542	\$3,270,867	\$2,557,587
<b>TOTAL ALL GROUPS</b>		<b>\$149,600,043</b>	<b>\$87,887,950</b>	<b>95%</b>	<b>\$87,311,935</b>	<b>62%</b>	<b>\$576,015</b>	<b>\$77,583,638</b>	<b>\$72,592,421</b>	<b>\$72,019,776</b>	<b>\$34,186,240</b>
<b>TOTAL CASH AND INVESTMENTS</b>										<b>\$106,206,016</b>	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

<sup>1</sup> Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

<sup>2</sup> Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



**CITY OF MORGAN HILL CASH AND INVESTMENT REPORT**  
**PRELIMINARY FOR THE MONTH OF JUNE 2006**  
**FOR THE FISCAL YEAR OF 2005-06**

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
<b>Investments</b>						
State Treasurer LAIF - City	All Funds Pooled	4.70%	\$18,879,928		17.79%	\$18,845,677
- RDA	RDA	4.70%	\$10,315,952		9.71%	\$10,297,237
Federal Issues	All Funds Pooled	3.67%	\$64,247,720		60.48%	\$62,601,950
SVNB CD	All Funds Pooled	3.60%	\$2,000,000		1.88%	\$2,000,000
US Treasury Notes	All Funds Pooled	5.17%	\$1,974,901		1.86%	\$1,979,600
Money Market	All Funds Pooled	4.25%	\$191,369	\$97,609,870	0.18%	\$191,369
<b>Bond Reserve Accounts - held by trustees</b>						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,400			
Blackrock Provident Temp Fund		4.62%	\$46,208		1.78%	\$1,895,609
US Bank - 1999 Water C.O.P.						
First American Treasury	Water	4.56%	\$670		0.00%	
FNMA		4.16%	\$389,574		0.37%	\$391,670
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	4.70%	\$35,156		0.03%	\$35,156
FHLB		4.50%	\$687,267		0.65%	\$683,938
Morgan Stanley Repurchase Agreement		1.64%	\$630,463		0.59%	\$630,463
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Service	4.19%	\$63,252		0.49%	\$63,252
FNMA	Public Facility	4.26%	\$452,170			\$457,040
US Bank - MH Ranch 98						
First American Treasury Obligation	Agency Fund	4.73%	\$904,416		0.85%	\$904,416
BNY - Madrone Bus Park Tax Exempt						
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
	Agency Fund	3.94%	\$974,090		0.92%	\$974,090
BNY - Madrone Bus Park Taxable						
Blackrock Liquidity Temp Fund #20	Madrone Bus Park					
	Agency Fund	3.94%	\$82,306		0.08%	\$82,306
BNY - MH Ranch 2004 A						
Blackrock Provident Temp Fund	MH Ranch Bus Park					
	Agency Fund	4.62%	\$621,153	\$6,736,125	0.58%	\$621,153
<b>Other Accounts/Deposits</b>						
General Checking	All Funds		\$368,523		0.35%	\$368,523
Dreyfuss Treas Cash Management Account	All Funds		\$1,299,816		1.22%	\$1,299,816
Borel Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$145,570		0.14%	\$145,570
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,112	\$1,860,021	0.01%	\$6,112
<b>Total Cash and Investments</b>			<b>\$106,206,016</b>	<b>\$106,206,016</b>	<b>100.00%</b>	<b>\$104,514,947</b>
<b>MH Financing Authority Investment in</b>						
MH Ranch AD Imprvmt Bond Series 2004		1.75% to				
MH Madrone Bus Park Bond Series A		4.50%	\$4,795,000			Unavailable
MH Madrone Bus Park Bond Series B		5.82%	\$8,620,000			Unavailable
		7.07%	\$1,110,000			Unavailable

**CASH ACTIVITY SUMMARY**  
**FY 05/06**

Fund Type	07/01/05 Balance	Change in Cash Balance	06/30/06 Balance	Restricted	Unrestricted
General Fund	\$10,455,185	(\$612,140)	\$9,843,045	\$6,112	\$9,836,933
Community Development	\$2,484,637	(\$181,053)	\$2,303,584	\$0	\$2,303,584
RDA (except Housing)	\$12,565,424	(\$1,232,058)	\$11,333,366	\$0	\$11,333,366
Housing / CDBG	\$7,048,619	\$987,919	\$8,036,538	\$0	\$8,036,538
Water - Operations	\$4,039,659	(\$307,565)	\$3,732,094	\$390,244	\$3,341,850
Water Other	\$7,876,280	(\$1,468,833)	\$6,407,447	\$3,563,720	\$2,843,727
Sewer - Operations	\$4,352,715	(\$949,358)	\$3,403,357	\$1,895,609	\$1,507,748
Sewer Other	\$13,685,930	(\$667,982)	\$13,017,948	\$6,715,693	\$6,302,255
Other Special Revenue	\$4,926,444	\$135,848	\$5,062,292	\$0	\$5,062,292
Streets and Capital Projects (except RDA)	\$26,522,147	\$2,417,800	\$28,939,947	\$18,303,654	\$10,636,293
Assessment Districts/Debt Service	\$862,668	(\$9,854)	\$852,814	\$713,621	\$139,193
Internal Service	\$6,597,707	\$847,423	\$7,445,130	\$40,000	\$7,405,130
Agency Funds	\$5,329,847	\$498,607	\$5,828,454	\$2,557,587	\$3,270,867
<b>Total</b>	<b>\$106,747,262</b>	<b>(\$541,246)</b>	<b>\$106,206,016</b>	<b>\$34,186,240</b>	<b>\$72,019,776</b>

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

\* Market value as of 04/30/06

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: \_\_\_\_\_  
 Lourdes Reroma  
 Accountant I

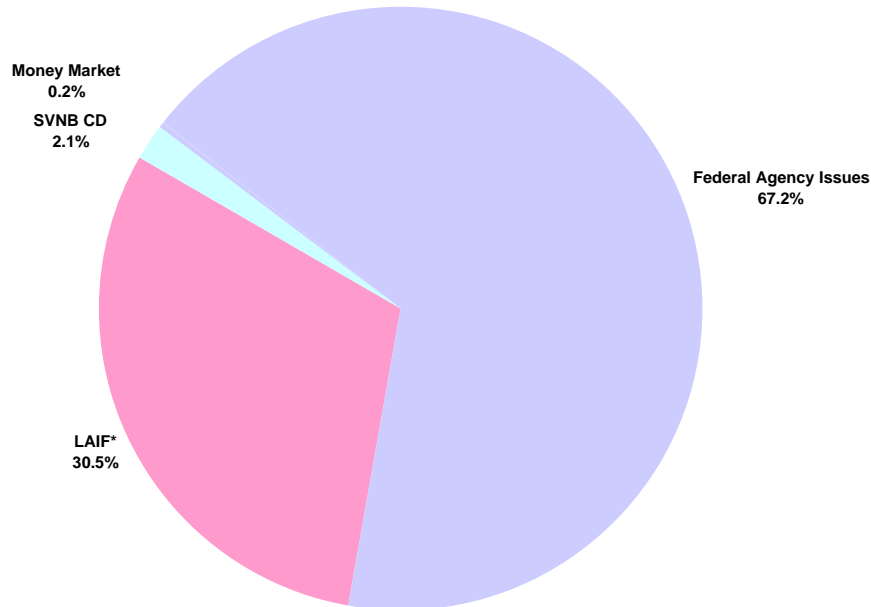
Approved by: \_\_\_\_\_  
 Jack Dilles  
 Director of Finance

Verified by: \_\_\_\_\_  
 Tina Reza  
 Assistant Director of Finance

\_\_\_\_\_  
 Mike Roorda  
 City Treasurer



# CITY OF MORGAN HILL INVESTMENT PORTFOLIO DETAIL Preliminary as of 06/30/06



Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
<b>LAIF*</b>		<b>\$29,195,880</b>	<b>29.91%</b>	<b>\$29,142,914</b>	<b>4.700%</b>	<b>\$971,245</b>			<b>0.003</b>
SVNB CD	07/07/05	\$2,000,000	2.05%	\$2,000,000	3.600%	\$71,800		07/06/07	1.016
US Treasury Notes	06/27/06	\$1,974,901	2.02%	\$1,979,600	5.170%	57		04/30/11	4.833
<b>Federal Agency Issues</b>									
Fed Home Loan Bank	10/26/05	\$4,000,000	4.10%	\$3,996,240	4.125%	\$142,335	07/26/06	07/26/06	0.068
Fed Home Loan Bank	11/29/04	\$2,000,000	2.05%	\$1,992,500	3.076%	\$61,861	08/28/06	08/28/06	0.159
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.05%	\$1,992,620	3.070%	\$66,709	08/30/06	08/30/06	0.164
Fed Home Loan Bank	03/08/05	\$1,999,874	2.05%	\$1,992,500	3.470%	\$70,065	09/08/06	09/08/06	0.189
Fed Home Loan Bank	12/15/04	\$2,000,000	2.05%	\$1,991,260	3.250%	\$65,000	09/15/06	09/15/06	0.208
Fed Home Loan Bank	03/15/05	\$1,000,000	1.02%	\$995,940	3.500%	\$35,000	09/15/06	09/15/06	0.208
Fed Home Loan Bank	12/29/05	\$4,000,000	4.10%	\$3,991,240	4.625%	\$94,511	09/29/06	09/29/06	0.247
Fed Home Loan Bank	03/29/04	\$2,000,000	2.05%	\$1,972,500	2.650%	\$53,000	12/29/06	12/29/06	0.496
Fed Home Loan Bank	03/18/04	\$2,000,000	2.05%	\$1,953,760	3.030%	\$60,600	09/18/06	06/18/07	0.964
Fed Home Loan Bank	03/29/04	\$2,000,000	2.05%	\$1,938,120	3.300%	\$66,000	09/28/06	12/28/07	1.493
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.05%	\$1,936,460	3.500%	\$70,000	09/12/06	03/12/08	1.699
Fed Home Loan Bank	03/26/03	\$2,000,000	2.05%	\$1,931,260	3.375%	\$67,500	anytime	03/26/08	1.737
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.05%	\$1,936,520	3.600%	\$72,000	10/16/06	04/16/08	1.795
Fed Home Loan Mgt Corp	04/17/03	\$1,997,846	2.05%	\$1,937,260	3.625%	\$75,019	10/17/06	04/17/08	1.797
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.05%	\$1,918,120	3.210%	\$64,200	06/03/06	06/03/08	1.926
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.05%	\$1,907,500	2.950%	\$59,000	07/30/06	06/12/08	1.951
Fed Home Loan Bank	07/30/03	\$2,000,000	2.05%	\$1,904,380	3.000%	\$60,000	07/30/06	07/30/08	2.082
Fed Home Loan Bank	07/30/03	\$2,000,000	2.05%	\$1,915,000	3.243%	\$65,400	07/30/06	07/30/08	2.082
Fed Home Loan Bank	07/30/03	\$2,000,000	2.05%	\$1,920,000	3.400%	\$68,000	07/30/06	07/30/08	2.082
Fed Home Loan Bank	08/14/03	\$1,250,000	1.28%	\$1,206,250	3.690%	\$46,125	08/14/06	08/14/08	2.123
Fed Home Loan Bank	10/15/03	\$2,000,000	2.05%	\$1,938,120	4.000%	\$40,000	anytime	10/15/08	2.293
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.05%	\$1,911,260	3.650%	\$73,000	anytime	03/16/09	2.710
Fed Home Loan Bank	03/26/04	\$2,000,000	2.05%	\$1,927,500	4.000%	\$80,000	07/26/06	03/26/09	2.737
Fed Home Loan Bank	04/06/04	\$2,000,000	2.05%	\$1,908,120	3.625%	\$72,500	anytime	04/06/09	2.767
Fed Home Loan Bank	04/07/04	\$2,000,000	2.05%	\$1,906,880	3.600%	\$72,000	07/07/06	04/07/09	2.770
Fed National Mortgage	04/16/04	\$2,000,000	2.05%	\$1,912,500	3.750%	\$75,000	07/16/06	04/16/09	2.795
Fed Home Loan Bank	04/29/04	\$2,000,000	2.05%	\$1,912,500	3.750%	\$75,000	07/29/06	04/29/09	2.830
Fed Home Loan Bank	09/29/05	\$2,000,000	2.05%	\$1,950,000	4.650%	\$70,255	09/29/06	09/29/09	3.249
Fed Home Loan Bank	08/16/05	\$2,000,000	2.05%	\$1,956,260	4.875%	\$85,111	08/16/06	08/16/10	4.129
Fed Farm Credit Bank	08/30/05	\$2,000,000	2.05%	\$1,940,000	4.810%	\$80,254	09/07/07	09/07/10	4.189
Fed Home Loan Bank	06/29/06	\$2,000,000	2.05%	\$2,009,380	5.600%	\$311	na	06/28/11	4.995
Redeemed in FY 05/06						\$142,131			
<b>Sub Total/Average</b>		<b>\$64,247,720</b>	<b>65.82%</b>	<b>\$62,601,950</b>	<b>3.668%</b>	<b>\$2,227,887</b>			<b>1.816</b>
<b>Money Market</b>		<b>\$191,369</b>	<b>0.20%</b>	<b>\$191,369</b>	<b>4.250%</b>	<b>\$35,246</b>			<b>0.003</b>
<b>TOTAL/AVERAGE</b>		<b>\$97,609,870</b>	<b>100.00%</b>	<b>\$95,915,833</b>	<b>4.043%</b>	<b>\$3,306,234</b>			<b>1.318</b>

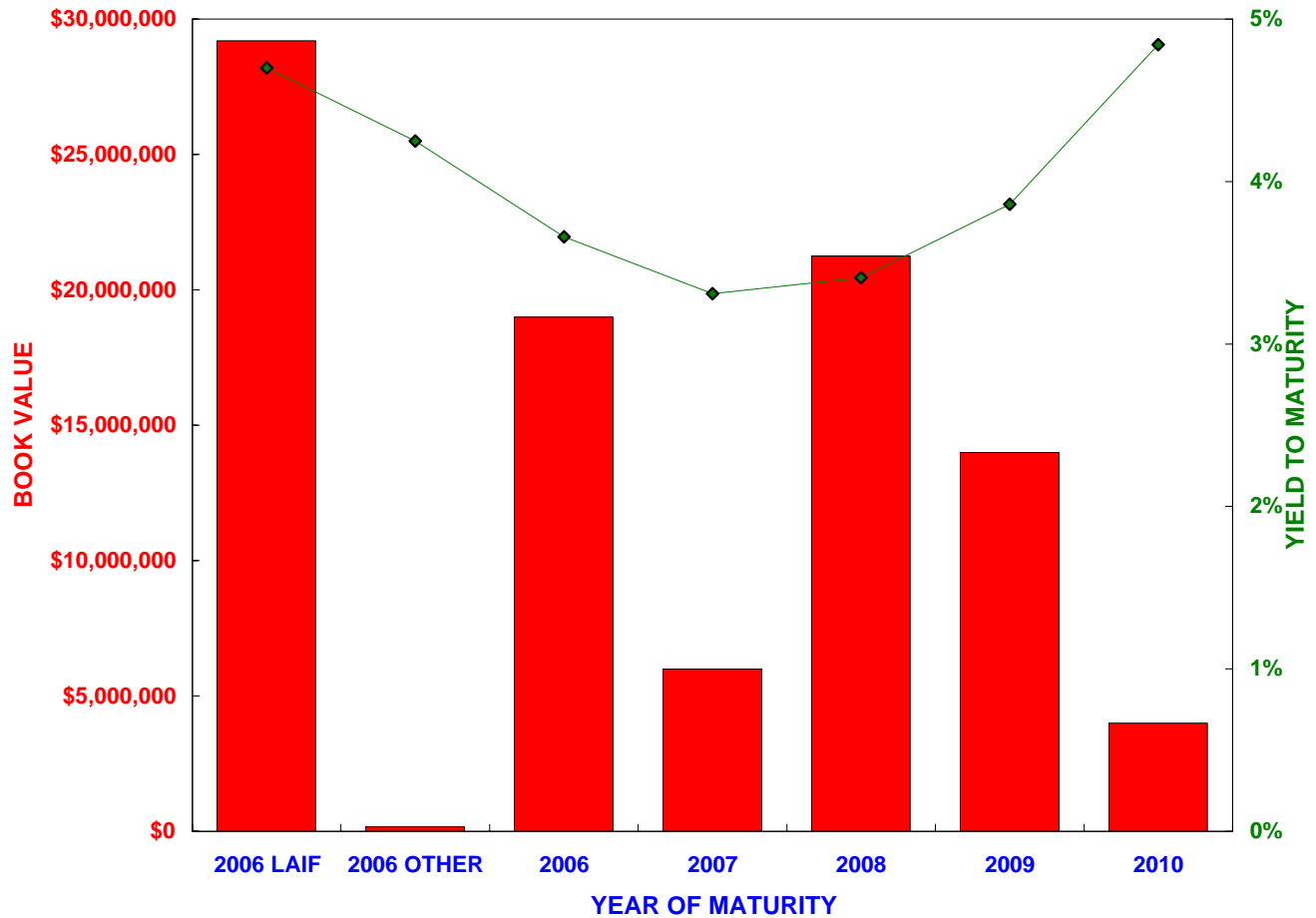
\*Per State Treasurer Report dated 06/30/2006, LAIF had invested approximately 5% of its balance in Treasury Bills and Notes, 23% in CDs, 20% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 52% in others.



# CITY OF MORGAN HILL

## INVESTMENT MATURITIES

### PRELIMINARY AS OF JUNE 30, 2006



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2006 LAIF	\$29,195,880	\$29,142,914	4.700%	29.91%
2006 OTHER	\$191,369	\$191,369	4.250%	0.20%
2006	\$18,999,874	\$18,924,800	3.660%	19.47%
2007	\$6,000,000	\$5,891,880	3.310%	6.15%
2008	\$21,247,846	\$20,450,870	3.408%	21.77%
2009	\$14,000,000	\$13,428,760	3.861%	14.34%
2010	\$4,000,000	\$3,896,260	4.843%	4.10%
2011	\$3,974,901	\$3,988,980	5.386%	4.07%
TOTAL	\$97,609,870	\$95,915,833	4.043%	100.00%



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2005/06  
Preliminary For the Month of June 2006  
100% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
<b>010 GENERAL FUND</b>							
<b><u>TAXES</u></b>							
Property Taxes - Secured/Unsecured/Prio	4,356,790	4,356,790	4,816,581	111%	4,108,945	707,636	17%
Supplemental Roll	176,280	176,280	406,089	230%	240,779	165,310	69%
Sales Tax	5,460,000	5,460,000	6,099,600	112%	5,307,424	792,176	15%
Public Safety Sales Tax	264,600	264,600	230,656	87%	220,590	10,066	5%
Transient Occupancy Taxes	974,560	974,560	769,719	79%	701,838	67,881	10%
Franchise (Refuse ,Cable ,PG&E)	1,030,700	1,030,700	872,506	85%	849,477	23,029	3%
Property Transfer Tax	378,525	378,525	435,417	115%	417,660	17,757	4%
<b>TOTAL TAXES</b>	<b>12,641,455</b>	<b>12,641,455</b>	<b>13,630,568</b>	<b>108%</b>	<b>11,846,713</b>	<b>1,783,855</b>	<b>15%</b>
<b><u>LICENSES/PERMITS</u></b>							
Business License	159,650	159,650	162,999	102%	159,093	3,906	2%
Other Permits	2,030	2,030	3,092	152%	42,415	(39,323)	-93%
<b>TOTAL LICENSES/PERMITS</b>	<b>161,680</b>	<b>161,680</b>	<b>166,091</b>	<b>103%</b>	<b>201,508</b>	<b>(35,417)</b>	<b>-18%</b>
<b><u>FINES AND PENALTIES</u></b>							
Parking Enforcement	10,000	10,000	19,469	195%	10,755	8,714	81%
City Code Enforcement	53,500	53,500	103,922	194%	70,166	33,756	48%
Business tax late fee/other fines	1,200	1,200	3,199	267%	1,544	1,655	107%
<b>TOTAL FINES AND PENALTIES</b>	<b>64,700</b>	<b>64,700</b>	<b>126,590</b>	<b>196%</b>	<b>82,465</b>	<b>44,125</b>	<b>54%</b>
<b><u>OTHER AGENCIES</u></b>							
Motor Vehicle in-Lieu	188,776	188,776	202,992	108%	207,346	(4,354)	-2%
Other Revenue - Other Agencies	246,400	266,400	183,497	69%	207,995	(24,498)	-12%
<b>TOTAL OTHER AGENCIES</b>	<b>435,176</b>	<b>455,176</b>	<b>386,489</b>	<b>85%</b>	<b>415,341</b>	<b>(28,852)</b>	<b>-7%</b>
<b><u>CHARGES CURRENT SERVICES</u></b>							
False Alarm Charge	25,000	25,000	26,302	105%	18,136	8,166	45%
Business License Application Review	23,000	23,000	26,422	115%	26,097	325	1%
Recreation Revenue	282,400	282,400	329,645	117%	330,509	(864)	0%
Aquatics Revenue	1,265,400	1,265,400	1,003,856	79%	817,017	186,839	23%
General Administration Overhead	1,791,375	1,791,375	1,791,377	100%	1,793,851	(2,474)	0%
Other Charges Current Services	503,650	503,650	360,925	72%	418,617	(57,692)	-14%
<b>TOTAL CURRENT SERVICES</b>	<b>3,890,825</b>	<b>3,890,825</b>	<b>3,538,527</b>	<b>91%</b>	<b>3,404,227</b>	<b>134,300</b>	<b>4%</b>
<b><u>OTHER REVENUE</u></b>							
Use of money/property	438,750	438,750	322,825	74%	810,906	(488,081)	-60%
Recreation Rentals	484,250	484,250	551,618	114%		551,618	n/a
Other Revenues	163,600	163,600	123,716	76%	64,318	59,398	92%
<b>TOTAL OTHER REVENUE</b>	<b>1,086,600</b>	<b>1,086,600</b>	<b>998,159</b>	<b>92%</b>	<b>875,224</b>	<b>122,935</b>	<b>14%</b>
<b><u>TRANSFERS IN</u></b>							
Park Maintenance	125,000	125,000	125,000	100%	125,000	-	n/a
Sewer Enterprise	41,200	41,200	41,200	100%	20,000	21,200	106%
Water Enterprise	20,000	20,000	20,000	100%	20,000	-	n/a
Public Safety	175,000	175,000	198,262	113%	175,000	23,262	13%
Community Rec Center	85,665	154,440	50,808	33%		50,808	n/a
HCD Block Grant	5,000	5,000	5,000	100%		5,000	n/a
Other Funds	-	52,570	52,570	n/a	48,100	4,470	9%
<b>TOTAL TRANSFERS IN</b>	<b>451,865</b>	<b>573,210</b>	<b>492,840</b>	<b>86%</b>	<b>388,100</b>	<b>104,740</b>	<b>27%</b>
<b>TOTAL GENERAL FUND</b>	<b>18,732,301</b>	<b>18,873,646</b>	<b>19,339,264</b>	<b>102%</b>	<b>17,213,578</b>	<b>2,125,686</b>	<b>12%</b>



City of Morgan Hill  
Year to Date Revenues - Fiscal Year 2005/06  
Preliminary For the Month of June 2006  
100% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
<b>SPECIAL REVENUE FUNDS</b>							
<b><u>202 STREET MAINTENANCE</u></b>							
Gas Tax 2105 - 2107.5	699,600	699,600	723,819	103%	672,454	51,365	8%
CIP Grants	3,325,000	3,325,000		n/a		-	n/a
Reimbursement of Expenses	26,000	26,000	78,383	301%		78,383	n/a
Transfers In	700,000	700,000	700,000	100%	700,000	-	n/a
Project Reimbursement		-	n/a		331,868	(331,868)	-100%
Interest / Other Revenue/Other Charges	41,000	41,000	284,449	694%	62,499	221,950	355%
<b>202 STREET MAINTENANCE</b>	<b>4,791,600</b>	<b>4,791,600</b>	<b>1,786,651</b>	<b>37%</b>	<b>1,766,821</b>	<b>19,830</b>	<b>1%</b>
<b><u>204/205 PUBLIC SAFETY TRUST</u></b>							
Interest Income	8,885	8,885	6,781	76%	7,244	(463)	-6%
Police Grant/SLEF	100,000	100,000	100,000	100%	101,200	(1,200)	-1%
<b>204/205 PUBLIC SAFETY TRUST</b>	<b>108,885</b>	<b>108,885</b>	<b>106,781</b>	<b>98%</b>	<b>108,444</b>	<b>(1,663)</b>	<b>-2%</b>
<b><u>206 COMMUNITY DEVELOPMENT</u></b>							
Building Fees	1,483,000	1,483,000	1,691,291	114%	1,804,298	(113,007)	-6%
Planning Fees	616,800	616,800	652,172	106%	667,917	(15,745)	-2%
Engineering Fees	875,000	875,000	749,389	86%	1,076,842	(327,453)	-30%
Other Revenue/Current Charges	48,620	48,620	70,118	144%	52,737	17,381	33%
Transfers	-	-	n/a		-	-	n/a
<b>206 COMMUNITY DEVELOPMENT</b>	<b>3,023,420</b>	<b>3,023,420</b>	<b>3,162,970</b>	<b>105%</b>	<b>3,601,794</b>	<b>(438,824)</b>	<b>-12%</b>
<b>207 GENERAL PLAN UPDATE</b>	<b>145,286</b>	<b>225,286</b>	<b>244,219</b>	<b>108%</b>	<b>120,790</b>	<b>123,429</b>	<b>102%</b>
<b><u>215 and 216 HCD BLOCK GRANT</u></b>							
HCD allocation	396,714	396,714	98,582	25%	77,717	20,865	27%
CIP Grants	100,000	100,000		n/a			n/a
Interest Income/Other Revenue	1,460	1,460	920	63%	19,332	(18,412)	-95%
<b>215 and 216 HCD BLOCK GRANT</b>	<b>498,174</b>	<b>498,174</b>	<b>99,502</b>	<b>20%</b>	<b>97,049</b>	<b>2,453</b>	<b>3%</b>
<b>210 COMMUNITY CENTER</b>	<b>3,500</b>	<b>103,500</b>	<b>5,818</b>	<b>6%</b>	<b>52,832</b>	<b>(47,014)</b>	<b>-89%</b>
<b>225 ASSET SEIZURE</b>	<b>1,664</b>	<b>1,664</b>	<b>248</b>	<b>15%</b>	<b>17,082</b>	<b>(16,834)</b>	<b>-99%</b>
<b>229 LIGHTING AND LANDSCAPE</b>	<b>138,000</b>	<b>138,000</b>	<b>149,267</b>	<b>108%</b>	<b>135,486</b>	<b>13,781</b>	<b>10%</b>
<b>232 ENVIRONMENTAL PROGRAMS</b>	<b>533,050</b>	<b>565,050</b>	<b>396,924</b>	<b>70%</b>	<b>363,915</b>	<b>33,009</b>	<b>9%</b>
<b>234 MOBILE HOME PARK RENT STAB.</b>	<b>9,873</b>	<b>9,873</b>	<b>10,586</b>	<b>107%</b>	<b>9,079</b>	<b>1,507</b>	<b>17%</b>
<b>235 SENIOR HOUSING</b>	<b>6,890</b>	<b>6,890</b>	<b>7,085</b>	<b>103%</b>	<b>5,843</b>	<b>1,242</b>	<b>21%</b>
<b>236 HOUSING MITIGATION</b>	<b>140,000</b>	<b>140,000</b>	<b>400,501</b>	<b>286%</b>	<b>1,199,316</b>	<b>(798,815)</b>	<b>-67%</b>
<b>240 EMPLOYEE ASSISTANCE</b>	<b>42,768</b>	<b>42,768</b>	<b>27,875</b>	<b>65%</b>	<b>35,146</b>	<b>(7,271)</b>	<b>-21%</b>
<b>247 ENVIRONMENT REMEDIATION</b>	<b>8,500</b>	<b>8,500</b>	<b>15,818</b>	<b>186%</b>	<b>13,259</b>	<b>2,559</b>	<b>19%</b>
<b>TOTAL SPECIAL REVENUE FUNDS</b>	<b>9,451,610</b>	<b>9,663,610</b>	<b>6,414,245</b>	<b>66%</b>	<b>7,526,856</b>	<b>(1,112,611)</b>	<b>-15%</b>



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FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
<b>CAPITAL PROJECTS FUNDS</b>							
301 PARK DEVELOPMENT	814,768	814,768	1,575,805	193%	1,263,071	312,734	25%
302 PARK MAINTENANCE	415,557	415,557	382,355	92%	624,637	(242,282)	-39%
303 LOCAL DRAINAGE	1,276,297	1,276,297	396,533	31%	695,734	(299,201)	-43%
304 LOCAL DRAINAGE/NON AB1600	356,795	356,795	254,752	71%	250,105	4,647	2%
306 OPEN SPACE	170,972	170,972	305,188	179%	524,842	(219,654)	-42%
309 TRAFFIC MITIGATION	1,128,092	1,128,092	1,735,284	154%	1,067,418	667,866	63%
311 POLICE MITIGATION	105,743	105,743	99,556	94%	154,582	(55,026)	-36%
313 FIRE MITIGATION	195,345	195,345	193,707	99%	168,089	25,618	15%
<b>317 RDA CAPITAL PROJECTS</b>							
Property Taxes & Supplemental Roll	15,169,461	19,769,461	19,908,565	101%	14,305,878	5,602,687	39%
Loan Proceeds	4,500,000	4,500,000	716,235	16%		716,235	n/a
Interest Income, Rents	297,947	297,947	679,841	228%	173,391	506,450	292%
Bond Proceeds		3,600,000		n/a		-	n/a
Other Agencies/Current Charges/Transfer	-	-	1,188,873	n/a	434,407	754,466	174%
<b>317 RDA CAPITAL PROJECTS</b>	<b>19,967,408</b>	<b>28,167,408</b>	<b>22,493,514</b>	<b>80%</b>	<b>14,913,676</b>	<b>7,579,838</b>	<b>51%</b>
<b>327/328 RDA L/M HOUSING</b>							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	4,977,141	113%	4,664,802	312,339	7%
Interest Income, Rent	10,450	10,450	369,373	3535%	349,752	19,621	6%
Transfers/Other	-	-	743,337	na	54,898	688,439	1254%
<b>327/328 RDA L/M HOUSING</b>	<b>4,412,625</b>	<b>4,412,625</b>	<b>6,089,851</b>	<b>138%</b>	<b>5,069,452</b>	<b>1,020,399</b>	<b>20%</b>
346 PUBLIC FACILITIES NON-AB1600	228,008	228,008	409,546	180%	7,063,395	(6,653,849)	-94%
347 PUBLIC FACILITIES	77,720	77,720	360,474	464%	117,248	243,226	207%
348 LIBRARY	123,155	123,155	195,988	159%	80,848	115,140	142%
350 UNDERGROUNDING	189,883	189,883	44,427	23%	189,256	(144,829)	-77%
340/342 MH BUS.RANCH CIP I & II	3,145	3,145	780	25%	1,585	(805)	-51%
360 COMMUNITY/REC IMPACT FUND	80,719	80,719	112,423	139%	63,455	48,968	77%
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>29,546,232</b>	<b>37,746,232</b>	<b>34,650,183</b>	<b>92%</b>	<b>32,247,393</b>	<b>2,402,790</b>	<b>7%</b>
<b>DEBT SERVICE FUNDS</b>							
441 POLICE FACILITY BOND	483,763	545,660	497,353	91%	578,704	(81,351)	-14%
536 ENCINO HILLS	-	-		n/a		-	n/a
539 MORGAN HILL BUSINESS PARK	-	-		n/a		-	n/a
542 SUTTER BUSINESS PARK	-	-		n/a		-	n/a
545 COCHRANE BUSINESS PARK	206,304	206,304	178,660	87%	189,064	(10,404)	-6%
551 JOLEEN WAY	37,016	37,016	29,639	80%	50,241	(20,602)	-41%
<b>TOTAL DEBT SERVICE FUNDS</b>	<b>727,083</b>	<b>788,980</b>	<b>705,652</b>	<b>89%</b>	<b>818,009</b>	<b>(112,357)</b>	<b>-14%</b>





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FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
<b>ENTERPRISE FUNDS</b>							
<b>640 SEWER OPERATION</b>							
Sewer Service Fees	5,600,535	5,600,535	5,156,916	92%	5,284,179	(127,263)	-2%
Interest Income	191,414	191,414	127,801	67%	96,233	31,568	33%
Other Revenue/Current Charges	142,600	142,600	155,156	109%	150,072	5,084	3%
<b>640 SEWER OPERATION</b>	<b>5,934,549</b>	<b>5,934,549</b>	<b>5,439,873</b>	<b>92%</b>	<b>5,530,484</b>	<b>(90,611)</b>	<b>-2%</b>
<b>641 SEWER EXPANSION</b>							
Interest Income	345,048	345,048	191,130	55%	150,614	40,516	27%
Connection Fees	1,560,000	1,560,000	2,575,217	165%	1,953,333	621,884	32%
Other	-	-	792	n/a	792	-	n/a
<b>641 SEWER EXPANSION</b>	<b>1,905,048</b>	<b>1,905,048</b>	<b>2,767,139</b>	<b>145%</b>	<b>2,104,739</b>	<b>662,400</b>	<b>31%</b>
<b>642 SEWER RATE STABILIZATION</b>	<b>119,167</b>	<b>119,167</b>	<b>608,982</b>	<b>511%</b>	<b>576,317</b>	<b>32,665</b>	<b>6%</b>
<b>643 SEWER-CAPITAL PROJECT</b>	<b>294,560</b>	<b>294,560</b>	<b>42,218</b>	<b>14%</b>	<b>54,235</b>	<b>(12,017)</b>	<b>-22%</b>
<b>TOTAL SEWER FUNDS</b>	<b>8,253,324</b>	<b>8,253,324</b>	<b>8,858,212</b>	<b>107%</b>	<b>8,265,775</b>	<b>592,437</b>	<b>7%</b>
<b>650 WATER OPERATION</b>							
Water Sales	6,229,900	6,229,900	6,130,351	98%	5,841,877	288,474	5%
Meter Install & Service	70,000	70,000	57,040	81%	103,815	(46,775)	-45%
Transfers-In, and Interest Income	472,202	472,202	383,040	81%	126,730	256,310	202%
Other Revenue/Current Charges	879,500	879,500	1,083,802	123%	753,777	330,025	44%
<b>650 WATER OPERATION</b>	<b>7,651,602</b>	<b>7,651,602</b>	<b>7,654,233</b>	<b>100%</b>	<b>6,826,199</b>	<b>828,034</b>	<b>12%</b>
<b>651 WATER EXPANSION</b>							
Interest Income/Other Revenue/Transfer	207,076	207,076	478,624	231%	469,055	9,569	2%
Water Connection Fees	362,000	362,000	510,554	141%	5,436,915	(4,926,361)	-91%
<b>651 WATER EXPANSION</b>	<b>569,076</b>	<b>569,076</b>	<b>989,178</b>	<b>174%</b>	<b>5,905,970</b>	<b>(4,916,792)</b>	<b>-83%</b>
<b>652 Water Rate Stabilization</b>	<b>702,000</b>	<b>702,000</b>	<b>707,373</b>	<b>101%</b>	<b>613</b>	<b>706,760</b>	<b>115295%</b>
<b>653 Water Capital Project</b>	<b>297,217</b>	<b>297,217</b>	<b>104,120</b>	<b>35%</b>	<b>2,476,730</b>	<b>(2,372,610)</b>	<b>-96%</b>
<b>TOTAL WATER FUNDS</b>	<b>9,219,895</b>	<b>9,219,895</b>	<b>9,454,904</b>	<b>103%</b>	<b>15,209,512</b>	<b>(5,754,608)</b>	<b>-38%</b>
<b>TOTAL ENTERPRISE FUNDS</b>	<b>17,473,219</b>	<b>17,473,219</b>	<b>18,313,116</b>	<b>105%</b>	<b>23,475,287</b>	<b>(5,162,171)</b>	<b>-22%</b>
<b>INTERNAL SERVICE FUNDS</b>							
<b>730 INFORMATION SERVICES</b>	<b>254,202</b>	<b>254,202</b>	<b>254,201</b>	<b>100%</b>	<b>279,997</b>	<b>(25,796)</b>	<b>-9%</b>
<b>740 BUILDING MAINTENANCE SERVICES</b>	<b>1,666,477</b>	<b>1,666,477</b>	<b>1,666,365</b>	<b>100%</b>	<b>1,652,610</b>	<b>13,755</b>	<b>1%</b>
<b>745 CIP ADMINISTRATION</b>	<b>1,415,000</b>	<b>1,415,000</b>	<b>1,229,831</b>	<b>87%</b>	<b>1,171,176</b>	<b>58,655</b>	<b>5%</b>
<b>760 UNEMPLOYMENT INSURANCE</b>	<b>58,305</b>	<b>58,305</b>	<b>58,306</b>	<b>100%</b>	<b>30,271</b>	<b>28,035</b>	<b>93%</b>
<b>770 WORKERS COMPENSATION</b>	<b>920,509</b>	<b>920,509</b>	<b>836,158</b>	<b>91%</b>	<b>765,377</b>	<b>70,781</b>	<b>9%</b>
<b>790 EQUIPMENT REPLACEMENT</b>	<b>538,545</b>	<b>552,063</b>	<b>529,602</b>	<b>96%</b>	<b>374,033</b>	<b>155,569</b>	<b>42%</b>
<b>793 CORPORATION YARD COMMISSION</b>	<b>14,350</b>	<b>159,100</b>	<b>112,631</b>	<b>71%</b>	<b>70,813</b>	<b>41,818</b>	<b>59%</b>
<b>795 GENERAL LIABILITY INSURANCE</b>	<b>506,470</b>	<b>506,470</b>	<b>528,899</b>	<b>104%</b>	<b>447,576</b>	<b>81,323</b>	<b>18%</b>
<b>TOTAL INTERNAL SERVICE FUNDS</b>	<b>5,373,858</b>	<b>5,532,126</b>	<b>5,215,993</b>	<b>94%</b>	<b>4,791,853</b>	<b>424,140</b>	<b>9%</b>





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FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
<b>AGENCY FUNDS</b>							
843 M.H. BUS.RANCH 1998	898,976	898,976	855,311	95%	1,118,020	(262,709)	-23%
844,842,841 M.H. RANCH REFUNDING 2004	612,433	900,619	876,069	97%	1,354,071	(478,002)	-35%
845,846 MADRONE BP-A/B	553,771	553,771	1,504,234	272%	1,085,357	418,877	39%
848 TENNANT AVE.BUS.PK A.D.	12,909	12,909	13,327	103%	37,644	(24,317)	-65%
881 POLICE DONATION TRUST FUND	642	642	556	87%	495	61	12%
<b>TOTAL AGENCY FUNDS</b>	<b>2,078,731</b>	<b>2,366,917</b>	<b>3,249,497</b>	<b>137%</b>	<b>3,595,587</b>	<b>(346,090)</b>	<b>-10%</b>
<b>TOTAL FOR ALL FUNDS</b>	<b>83,383,034</b>	<b>92,444,730</b>	<b>87,887,950</b>	<b>95%</b>	<b>89,668,563</b>	<b>572,748</b>	<b>1%</b>



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FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
<b>010 GENERAL FUND</b>								
<b>I. GENERAL GOVERNMENT</b>								
	<b>COUNCIL AND MISCELLANEOUS GOVT.</b>							
	City Council	39,716	207,749	203,722	500	204,222	98%	221,276
	Community Promotions	6,977	52,882	45,376	-	45,376	86%	31,890
	<b>COUNCIL AND MISCELLANEOUS GOVT.</b>	<b>46,693</b>	<b>260,631</b>	<b>249,098</b>	<b>500</b>	<b>249,598</b>	<b>96%</b>	<b>253,166</b>
	<b>CITY ATTORNEY</b>	<b>51,848</b>	<b>844,690</b>	<b>757,694</b>	<b>72,155</b>	<b>829,849</b>	<b>98%</b>	<b>1,001,548</b>
	<b>CITY MANAGER</b>							
	City Manager	28,052	330,948	330,767		330,767	100%	310,821
	Cable Television	955	37,611	31,463	716	32,179	86%	39,986
	Communications & Marketing	8,814	181,792	178,602	-	178,602	98%	61,639
	<b>CITY MANAGER</b>	<b>37,821</b>	<b>550,351</b>	<b>540,832</b>	<b>716</b>	<b>541,548</b>	<b>98%</b>	<b>412,446</b>
	<b>RECREATION</b>							
	Recreation	24,772	311,071	227,355		227,355	73%	275,032
	Community & Cultural Center	116,762	1,280,015	1,234,626	51,152	1,285,778	100%	1,129,509
	Aquatics Center	91,356	1,403,838	1,337,404	10,992	1,348,396	96%	1,399,409
	Indoor Recreation Center	36,969	97,665	50,808	10,704	61,512	63%	-
	<b>RECREATION</b>	<b>269,859</b>	<b>3,092,589</b>	<b>2,850,193</b>	<b>72,848</b>	<b>2,923,041</b>	<b>95%</b>	<b>2,803,950</b>
	<b>HUMAN RESOURCES</b>							
	Human Resources	38,325	488,604	464,074	-	464,074	95%	538,023
	<b>HUMAN RESOURCES</b>	<b>38,325</b>	<b>488,604</b>	<b>464,074</b>	<b>-</b>	<b>464,074</b>	<b>95%</b>	<b>538,023</b>
	<b>COUNCIL SERV &amp; RECORDS MGMT</b>							
	Council Serv & Records Mgmt	26,076	258,991	254,180	3,045	257,225	99%	255,361
	Elections	4,652	123,788	46,540	-	46,540	38%	86,536
	<b>CITY CLERK</b>	<b>30,728</b>	<b>382,779</b>	<b>300,720</b>	<b>3,045</b>	<b>303,765</b>	<b>79%</b>	<b>341,897</b>
	<b>FINANCE</b>	<b>70,509</b>	<b>982,085</b>	<b>943,871</b>	<b>1,591</b>	<b>945,462</b>	<b>96%</b>	<b>903,969</b>
	<b>TOTAL GENERAL GOVERNMENT</b>	<b>545,783</b>	<b>6,601,729</b>	<b>6,106,482</b>	<b>150,855</b>	<b>6,257,337</b>	<b>95%</b>	<b>6,254,999</b>
<b>II. PUBLIC SAFETY</b>								
	<b>POLICE</b>							
	PD Administration	46,985	812,406	796,013		796,013	98%	654,046
	Field Operations	341,547	4,287,902	4,636,155	41,937	4,678,092	109%	3,992,338
	Support Services	92,970	1,040,162	981,591		981,591	94%	862,107
	Emergency Services/Haz Mat	6,409	53,507	49,682	-	49,682	93%	15,551
	Special Operations	113,442	1,486,523	1,376,633	3,716	1,380,349	93%	1,330,161
	Animal Control	7,770	102,859	88,938		88,938	86%	87,043
	Dispatch Services	69,241	1,082,981	867,587		867,587	80%	843,807
	<b>POLICE</b>	<b>678,364</b>	<b>8,866,340</b>	<b>8,796,599</b>	<b>45,653</b>	<b>8,842,252</b>	<b>100%</b>	<b>7,785,053</b>
	<b>FIRE</b>	<b>360,515</b>	<b>4,377,495</b>	<b>4,361,361</b>	<b>1,973</b>	<b>4,363,334</b>	<b>100%</b>	<b>4,194,617</b>
	<b>TOTAL PUBLIC SAFETY</b>	<b>1,038,879</b>	<b>13,243,835</b>	<b>13,157,960</b>	<b>47,626</b>	<b>13,205,586</b>	<b>100%</b>	<b>11,979,670</b>
<b>III. COMMUNITY IMPROVEMENT</b>								
	<b>PARK MAINTENANCE</b>	<b>54,705</b>	<b>711,485</b>	<b>621,377</b>	<b>11,607</b>	<b>632,984</b>	<b>89%</b>	<b>632,842</b>
	<b>TOTAL COMMUNITY IMPROVEMENT</b>	<b>54,705</b>	<b>711,485</b>	<b>621,377</b>	<b>11,607</b>	<b>632,984</b>	<b>89%</b>	<b>632,842</b>



City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2005/06  
Preliminary For the Month of June 2006  
100% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
<b>IV. TRANSFERS</b>								
	General Plan Update	833	10,000	10,000	-	10,000	100%	
	Other		100,000					99,025
	<b>TOTAL TRANSFERS</b>	<b>833</b>	<b>110,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>	<b>9%</b>	<b>99,025</b>
<b>TOTAL GENERAL FUND</b>		<b>1,640,200</b>	<b>20,667,049</b>	<b>19,895,819</b>	<b>210,088</b>	<b>20,105,907</b>	<b>97%</b>	<b>18,966,536</b>
<b>SPECIAL REVENUE FUNDS</b>								
<b>202 STREET MAINTENANCE</b>								
	Street Maintenance/Traffic	123,998	1,909,134	1,675,743	118,574	1,794,317	94%	1,530,549
	Congestion Management	2,802	84,994	68,336	-	68,336	80%	65,870
	Street CIP	121,552	3,505,127	621,553	443,667	1,065,220	30%	432,328
	<b>202 STREET MAINTENANCE</b>	<b>248,352</b>	<b>5,499,255</b>	<b>2,365,632</b>	<b>562,241</b>	<b>2,927,873</b>	<b>53%</b>	<b>2,028,747</b>
204/205	<b>PUBLIC SAFETY/SUPP.LAW</b>	<b>37,889</b>	<b>175,519</b>	<b>198,781</b>		<b>198,781</b>	<b>113%</b>	<b>175,520</b>
<b>206 COMMUNITY DEVELOPMENT FUND</b>								
	Planning	98,400	1,323,007	1,151,695	96,095	1,247,790	94%	1,137,873
	Building	113,596	1,205,323	1,092,891	46,776	1,139,667	95%	864,236
	PW-Engineering	108,376	1,188,372	1,104,567	77,348	1,181,915	99%	918,149
	<b>206 COMMUNITY DEVELOPMENT FUND</b>	<b>320,372</b>	<b>3,716,702</b>	<b>3,349,153</b>	<b>220,219</b>	<b>3,569,372</b>	<b>96%</b>	<b>2,920,258</b>
207	<b>GENERAL PLAN UPDATE</b>	<b>2,440</b>	<b>353,205</b>	<b>184,597</b>	<b>57,658</b>	<b>242,255</b>	<b>69%</b>	<b>37,776</b>
210	<b>COMMUNITY CENTER</b>		<b>154,440</b>	<b>50,808</b>		<b>50,808</b>	<b>33%</b>	
215/216	<b>CDBG</b>	<b>88,289</b>	<b>758,420</b>	<b>200,908</b>	<b>137,205</b>	<b>338,113</b>	<b>45%</b>	<b>145,257</b>
225	<b>ASSET SEIZURE</b>		-	<b>300</b>		<b>300</b>	<b>n/a</b>	<b>45,794</b>
229	<b>LIGHTING AND LANDSCAPE</b>	<b>6,814</b>	<b>145,603</b>	<b>140,428</b>	<b>11,611</b>	<b>152,039</b>	<b>104%</b>	<b>135,332</b>
232	<b>ENVIRONMENT PROGRAMS</b>	<b>91,074</b>	<b>479,055</b>	<b>406,372</b>	<b>42,679</b>	<b>449,051</b>	<b>94%</b>	<b>360,205</b>
234	<b>MOBILE HOME PARK</b>	<b>166,413</b>	<b>4,832</b>	<b>167,771</b>		<b>167,771</b>	<b>3472%</b>	<b>11,223</b>
235	<b>SENIOR HOUSING TRUST FUND</b>	-	<b>80,700</b>	<b>3,275</b>	-	<b>3,275</b>	<b>4%</b>	<b>8,400</b>
236	<b>HOUSING MITIGATION FUND</b>	-	<b>1,315,000</b>	<b>13,179</b>	<b>1,821</b>	<b>15,000</b>	<b>1%</b>	<b>15,000</b>
240	<b>EMPLOYEE ASSISTANCE</b>	<b>3,287</b>	<b>107,500</b>	<b>28,362</b>	-	<b>28,362</b>	<b>26%</b>	<b>40,198</b>
247	<b>ENVIRONMENT REMEDIATION FUND</b>		<b>152,500</b>	<b>73,236</b>	-	<b>73,236</b>	<b>48%</b>	
<b>TOTAL SPECIAL REVENUE FUNDS</b>		<b>964,930</b>	<b>12,942,731</b>	<b>7,182,802</b>	<b>1,033,434</b>	<b>8,216,236</b>	<b>63%</b>	<b>5,923,710</b>
<b>CAPITAL PROJECT FUNDS</b>								
301	<b>PARK DEVELOPMENT</b>	<b>18,610</b>	<b>3,207,511</b>	<b>197,180</b>	<b>185,154</b>	<b>382,334</b>	<b>12%</b>	<b>94,382</b>
302	<b>PARK MAINTENANCE</b>	<b>38,544</b>	<b>476,312</b>	<b>166,978</b>	<b>2,564</b>	<b>169,542</b>	<b>36%</b>	<b>134,077</b>
303	<b>LOCAL DRAINAGE</b>	<b>128</b>	<b>1,911,534</b>	<b>12,373</b>		<b>12,373</b>	<b>1%</b>	<b>1,536</b>
304	<b>LOCAL DRAIN. NON-AB1600</b>	<b>263,024</b>	<b>1,277,666</b>	<b>678,262</b>	<b>178,366</b>	<b>856,628</b>	<b>67%</b>	<b>84,811</b>
306	<b>OPEN SPACE</b>	<b>730</b>		<b>2,869</b>		<b>2,869</b>	<b>n/a</b>	<b>1,569</b>
309	<b>TRAFFIC MITIGATION</b>	<b>117,757</b>	<b>2,133,232</b>	<b>725,509</b>	<b>1,034,599</b>	<b>1,760,108</b>	<b>83%</b>	<b>640,481</b>
311	<b>POLICE MITIGATION</b>	<b>494</b>	<b>260,887</b>	<b>218,436</b>	-	<b>218,436</b>	<b>84%</b>	<b>70,821</b>
313	<b>FIRE MITIGATION</b>	<b>115</b>	<b>526,378</b>	<b>1,378</b>		<b>1,378</b>	<b>0%</b>	<b>1,380</b>
317	<b>RDA BUSINESS ASSISTANCE</b>	<b>2,585,607</b>	<b>50,556,349</b>	<b>23,462,439</b>	<b>18,223,465</b>	<b>41,685,904</b>	<b>82%</b>	<b>12,236,747</b>
327/328	<b>RDA HOUSING</b>	<b>383,523</b>	<b>10,209,748</b>	<b>5,022,199</b>	<b>247,119</b>	<b>5,269,318</b>	<b>52%</b>	<b>5,264,336</b>
340/342	<b>MH BUS RANCH CIP</b>					-	<b>n/a</b>	<b>82,144</b>
346	<b>PUBLIC FAC.NON AB1600</b>	<b>(39,411)</b>	<b>738,165</b>	<b>325,686</b>	<b>395,771</b>	<b>721,457</b>	<b>98%</b>	<b>7,307,403</b>
347	<b>PUBLIC FACILITIES</b>	<b>114</b>	<b>71,363</b>	<b>65,591</b>	-	<b>65,591</b>	<b>92%</b>	<b>1,365</b>
348	<b>LIBRARY IMPACT</b>	<b>17</b>	<b>650,202</b>	<b>202</b>	<b>650,000</b>	<b>650,202</b>	<b>100%</b>	<b>202</b>
350	<b>UNDERGROUNDING</b>	<b>334,402</b>	<b>1,119,347</b>	<b>531,838</b>	<b>670,108</b>	<b>1,201,946</b>	<b>107%</b>	<b>320,654</b>
360	<b>COMM/REC CTR IMPACT</b>	<b>85</b>	<b>180,000</b>	<b>6,174</b>		<b>6,174</b>	<b>3%</b>	
<b>TOTAL CAPITAL PROJECTS FUNDS</b>		<b>3,703,739</b>	<b>73,318,694</b>	<b>31,417,114</b>	<b>21,587,146</b>	<b>53,004,260</b>	<b>72%</b>	<b>26,241,908</b>



City of Morgan Hill  
Year to Date Expenses - Fiscal Year 2005/06  
Preliminary For the Month of June 2006  
100% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET	PRIOR YTD
<b>DEBT SERVICE FUNDS</b>								
441	POLICE FACILITY BOND DEBT	8	483,763	483,787	-	483,787	100%	122,344
545	COCHRANE BUS. PARK A.D.	561	194,625	196,520	-	196,520	101%	192,842
551	JOLEEN WAY A.D.	561	36,487	36,328	-	36,328	100%	39,482
<b>TOTAL DEBT SERVICE FUNDS</b>		<b>1,130</b>	<b>714,875</b>	<b>716,635</b>	<b>-</b>	<b>716,635</b>	<b>100%</b>	<b>354,668</b>
<b>ENTERPRISE FUNDS</b>								
<b>SEWER</b>								
640	SEWER OPERATION	431,548	6,843,978	6,660,397	63,037	6,723,434	98%	6,230,619
641	CAPITAL EXPANSION	203,082	3,413,501	2,604,905	185,226	2,790,131	82%	1,064,771
642	SEWER RATE STABILIZATION	176	2,114	2,114		2,114	100%	2,117
643	SEWER-CAPITAL PROJECTS	8,173	1,064,115	860,394	81,356	941,750	89%	873,606
<b>TOTAL SEWER FUND(S)</b>		<b>642,979</b>	<b>11,323,708</b>	<b>10,127,810</b>	<b>329,619</b>	<b>10,457,429</b>	<b>92%</b>	<b>8,171,113</b>
<b>WATER</b>								
	Water Operations Division	825,954	7,588,129	6,787,445	184,312	6,971,757	92%	5,650,417
	Meter Reading/Repair	59,913	781,457	710,048	47,751	757,799	97%	646,348
	Utility Billing	36,068	460,975	411,446	7,607	419,053	91%	384,913
	Water Conservation	3,967	124,708	61,920	50,000	111,920	90%	48,805
650	WATER OPERATIONS	925,902	8,955,269	7,970,859	289,670	8,260,529	92%	6,730,483
651	CAPITAL EXPANSION	77,370	2,229,644	1,474,390	332,936	1,807,326	81%	1,057,524
652	WATER RATE STABILIZATION	41	492	492		492	100%	493
653	WATER-CAPITAL PROJECTS	195,474	2,445,904	1,587,314	230,522	1,817,836	74%	1,855,324
<b>TOTAL WATER FUND(S)</b>		<b>1,198,787</b>	<b>13,631,309</b>	<b>11,033,055</b>	<b>853,128</b>	<b>11,886,183</b>	<b>87%</b>	<b>9,643,824</b>
<b>TOTAL ENTERPRISE FUNDS</b>		<b>1,841,766</b>	<b>24,955,017</b>	<b>21,160,865</b>	<b>1,182,747</b>	<b>22,343,612</b>	<b>90%</b>	<b>17,814,937</b>
<b>INTERNAL SERVICE FUNDS</b>								
730	INFORMATION SERVICES	87,800	345,465	257,320	72,137	329,457	95%	386,096
740	BUILDING MAINTENANCE	140,558	1,383,291	1,270,311	45,316	1,315,627	95%	1,254,097
745	CIP ENGINEERING	132,869	1,398,174	1,284,410	62,163	1,346,573	96%	1,172,138
760	UNEMPLOYMENT	-	55,000	9,429		9,429	17%	32,983
770	WORKERS COMPENSATION	24,253	770,075	365,796	-	365,796	48%	602,596
790	EQUIPMENT REPLACEMENT	32,838	483,345	283,081	185,954	469,035	97%	208,780
793	CORP YARD COMMISSION	15,261	166,051	116,027	12,402	128,429	77%	124,845
795	GEN. LIABILITY INSURANCE	26,564	480,800	359,406		359,406	75%	492,816
<b>TOTAL INTERNAL SERVICE FUNDS</b>		<b>460,143</b>	<b>5,082,201</b>	<b>3,945,780</b>	<b>377,972</b>	<b>4,323,752</b>	<b>85%</b>	<b>4,274,351</b>
<b>AGENCY FUNDS</b>								
843	MORGAN HILL BUS RANCH 98	2,721	867,265	874,614		874,614	101%	869,100
844/841/842	MH RANCH RSMNT 2004A	942	883,769	905,013	-	905,013	102%	906,088
845/846	MADRONE BP A/B	7,668	530,702	1,199,029	-	1,199,029	226%	1,507,022
848	TENNANT AVE BUS PARK AD	555	6,727	10,038	-	10,038	149%	-
881	POLICE DONATION TRUST	-	13,009	4,226	-	4,226	32%	-
<b>TOTAL AGENCY FUNDS</b>		<b>11,886</b>	<b>2,301,472</b>	<b>2,992,920</b>	<b>-</b>	<b>2,992,920</b>	<b>130%</b>	<b>3,282,210</b>
<b>REPORT TOTAL</b>		<b>8,623,794</b>	<b>139,982,039</b>	<b>87,311,935</b>	<b>24,391,387</b>	<b>111,703,322</b>	<b>80%</b>	<b>76,858,320</b>



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
<b>Operations</b>								
<b>Revenues</b>								
Service Charges	\$ 5,600,535	\$ 5,156,916	92%	\$ 5,284,179	\$ 6,229,900	\$ 6,130,351	98%	\$ 5,841,877
Meter Install & Service					70,000	57,040	81%	103,815
Other	142,600	155,156	109%	150,072	879,500	1,119,909	127%	758,326
<b>Total Operating Revenues</b>	<b>5,743,135</b>	<b>5,312,072</b>	<b>92%</b>	<b>5,434,251</b>	<b>7,179,400</b>	<b>7,307,300</b>	<b>102%</b>	<b>6,704,018</b>
<b>Expenses</b>								
Operations	4,808,500	4,665,059	97%	4,463,323	6,026,686	5,215,104	87%	4,808,991
Meter Reading/Repair					781,457	710,048	91%	646,348
Utility Billing/Water Conservation					585,683	473,366	81%	433,718
<b>Total Operating Expenses</b>	<b>4,808,500</b>	<b>4,665,059</b>	<b>97%</b>	<b>4,463,323</b>	<b>7,393,826</b>	<b>6,398,518</b>	<b>87%</b>	<b>5,889,057</b>
<b>Operating Income (Loss)</b>	<b>934,635</b>	<b>647,013</b>		<b>970,928</b>	<b>(214,426)</b>	<b>908,782</b>		<b>814,961</b>
<b>Nonoperating revenue (expense)</b>								
Interest Income	191,414	127,801	67%	96,233	241,714	135,652	56%	122,181
Interest Expense/Debt Services	(558,790)	(558,790)	100%	(572,296)	(258,084)	(260,992)	101%	(238,464)
Principal Expense/Debt Services	(995,000)	(995,000)	100%	(975,000)	(173,359)	(275,516)	159%	(217,962)
<b>Total Nonoperating revenue (expense)</b>	<b>(1,362,376)</b>	<b>(1,425,989)</b>		<b>(1,451,063)</b>	<b>(189,729)</b>	<b>(400,856)</b>		<b>(334,245)</b>
Income before operating xfers	(427,741)	(778,976)		(480,135)	(404,155)	507,926		480,716
Operating transfers in	-	-		-	230,488	211,281	92%	
Operating transfers (out)	(481,688)	(441,548)	92%	(220,000)	(1,130,000)	(1,035,833)	92%	(385,000)
<b>Net Income (Loss)</b>	<b>\$ (909,429)</b>	<b>\$ (1,220,524)</b>		<b>\$ (700,135)</b>	<b>\$ (1,303,667)</b>	<b>\$ (316,626)</b>		<b>\$ 95,716</b>



**City of Morgan Hill**  
**Balance Sheets - Water and Sewer Funds**  
**Preliminary For the Month of June 2006**  
**100% of Year Completed**

	<b>Sewer Operations (640)</b>	<b>Sewer Expansion Stabilization Capital Projects (641-643)</b>	<b>Water Operations (650)</b>	<b>Water Expansion Stabilization Capital Projects (651-653)</b>
<b>ASSETS</b>				
<b>Cash and investments:</b>				
<b>Unrestricted</b>	1,507,748	6,302,255	3,341,850	2,843,727
<b>Restricted <sup>1</sup></b>	1,895,609	6,715,693	390,244	3,563,720
<b>Accounts Receivable</b>		8,111		588
<b>Utility Receivables</b>	446,265		952,282	
<b>Less Allowance for Doubtful Accounts</b>	(13,945)		(18,313)	
<b>Notes Receivable <sup>2</sup></b>		31,541	0	
<b>Fixed Assets <sup>3</sup></b>	29,628,818	12,497,964	23,851,712	12,694,521
<b>Total Assets</b>	<u>33,464,495</u>	<u>25,555,564</u>	<u>28,517,775</u>	<u>19,102,556</u>
<b>LIABILITIES</b>				
<b>Accounts Payable and Accrued Liabilities</b>	313,172	108,073	330,582	191,232
<b>Deposits for Water Services &amp; Other Deposits</b>			86,305	
<b>Deferred Revenue <sup>4</sup></b>				
<b>Bonds Payable</b>	23,300,000		5,568,631	7,740,000
<b>Discount on Bonds and Other Liabilities</b>	(2,425,887)		(913,413)	(344,863)
<b>Accrued Vacation and Comp Time</b>	49,020		97,480	
<b>Total liabilities</b>	<u>21,236,305</u>	<u>108,073</u>	<u>5,169,585</u>	<u>7,586,369</u>
<b>FUND EQUITY</b>				
<b>Contributed Capital</b>	7,443,305		14,356,292	
<b>Retained Earnings</b>				
<b>Reserved for:</b>				
<b>Noncurrent water/sewer assets &amp; debt</b>	8,705,685	12,497,964	19,099,014	5,299,384
<b>Encumbrances</b>	63,037	266,582	289,670	563,458
<b>Notes Receivable</b>		31,541		
<b>Restricted Cash</b>	1,895,609		390,244	3,563,720
<b>Total Reserved Retained Earnings</b>	10,664,331	12,796,087	19,778,928	9,426,562
<b>Unreserved Retained Earnings</b>	1,563,859	12,651,404	3,569,262	2,089,625
<b>Total Fund Equity</b>	<u>12,228,190</u>	<u>25,447,491</u>	<u>23,348,190</u>	<u>11,516,187</u>
<b>Total Liabilities and Fund Equity</b>	<u>33,464,495</u>	<u>25,555,564</u>	<u>28,517,775</u>	<u>19,102,556</u>

<sup>1</sup> Restricted for Bond Reserve requirements and capital expansion.

<sup>2</sup> Includes Note for Sewer Financing Agreements.

<sup>3</sup> Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

<sup>4</sup> Includes the deferred payment portion of the loans noted above.



**City of Morgan Hill**  
**Balance Sheets for Major Funds - Fiscal Year 2005/06**  
**Preliminary For the Month of June 2006**  
**100% of Year Completed**

**ASSETS**

**Cash and investments:**

Unrestricted

Restricted <sup>1</sup>

Accounts Receivable

Utility Receivables (Sewer and Water)

Less Allowance for Doubtful Accounts

Loans and Notes Receivable <sup>2</sup>

Prepaid Expense

Fixed Assets <sup>3</sup>

**Total Assets**

**LIABILITIES**

Accounts Payable and Accrued Liabilities

Deposits for Water Services & Other Deposits

Deferred Revenue <sup>4</sup>

Bonds Payable

Discount on Bonds and Other Liabilities

Accrued Vacation and Comp Time

**Total liabilities**

**FUND EQUITY**

Contributed Capital

Fund Balance / Retained Earnings

Reserved for:

Noncurrent water/sewer assets & debt

Encumbrances

Restricted Cash

RDA properties held for resale

Loans and Notes Receivable

**Total Reserved Fund Equity**

**Designated Fund Equity <sup>5</sup>**

**Unreserved/Undesignated Fund Equity**

**Total Fund Equity**

**Total Liabilities and Fund Equity**

General Fund (Fund 010)	RDA (Fund 317)	L/M Housing (Fund 327/328)	Sewer (Fund 640)	Water (Fund 650)
9,836,933	11,333,366	7,977,936	1,507,748	3,341,850
6,112			1,895,609	390,244
793,102	26,576			
			446,265	952,282
			(13,945)	(18,313)
401,244	4,274,445	33,041,619		
58,619				
	71,049	210,000	29,628,818	23,851,712
11,096,010	15,705,436	41,229,555	33,464,495	28,517,775
986,070	180,525	35,986	313,172	330,582
19,836				86,305
692,053	4,311,457	33,361,051		52,117
			23,300,000	5,568,631
			(2,425,887)	(913,413)
			49,020	97,480
1,697,959	4,491,982	33,397,037	21,236,305	5,221,702
			7,443,305	14,356,292
			8,705,685	19,099,014
210,088	18,223,465	247,119	63,037	289,670
	71,049	210,000	1,895,609	390,244
210,088	18,294,514	457,119	10,664,331	19,778,928
4,109,213				
5,078,750	(7,081,060)	7,375,399	1,563,859	3,517,145
9,398,051	11,213,454	7,832,518	12,228,190	23,296,073
11,096,010	15,705,436	41,229,555	33,464,495	28,517,775

<sup>1</sup> Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.

<sup>2</sup> Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.

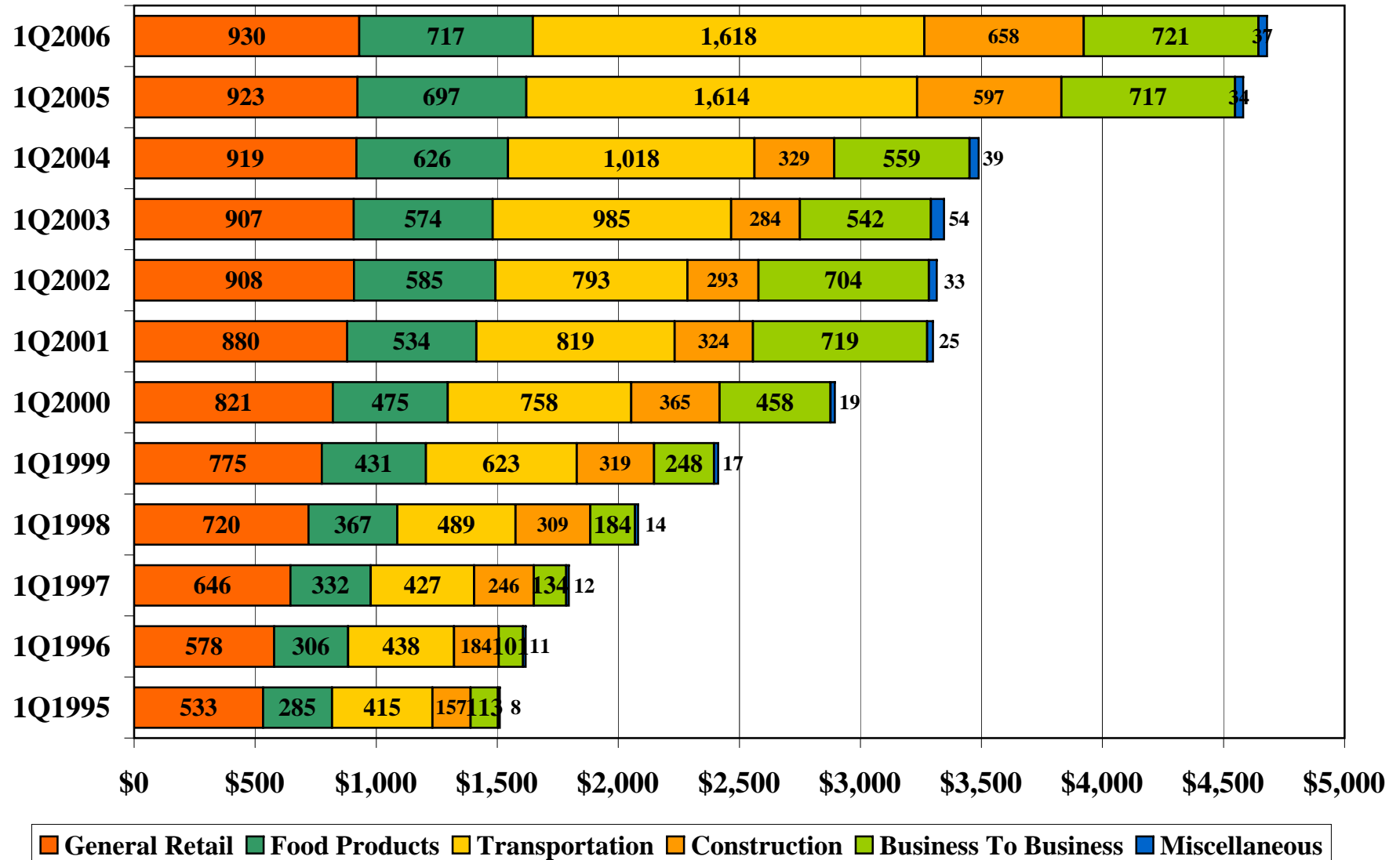
<sup>3</sup> Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.

<sup>4</sup> Includes the deferred payment portion of the loans noted above.

<sup>5</sup> Designated as a general reserve.

# CITY OF MORGAN HILL ANNUAL SALES TAX BY BUSINESS CATEGORY

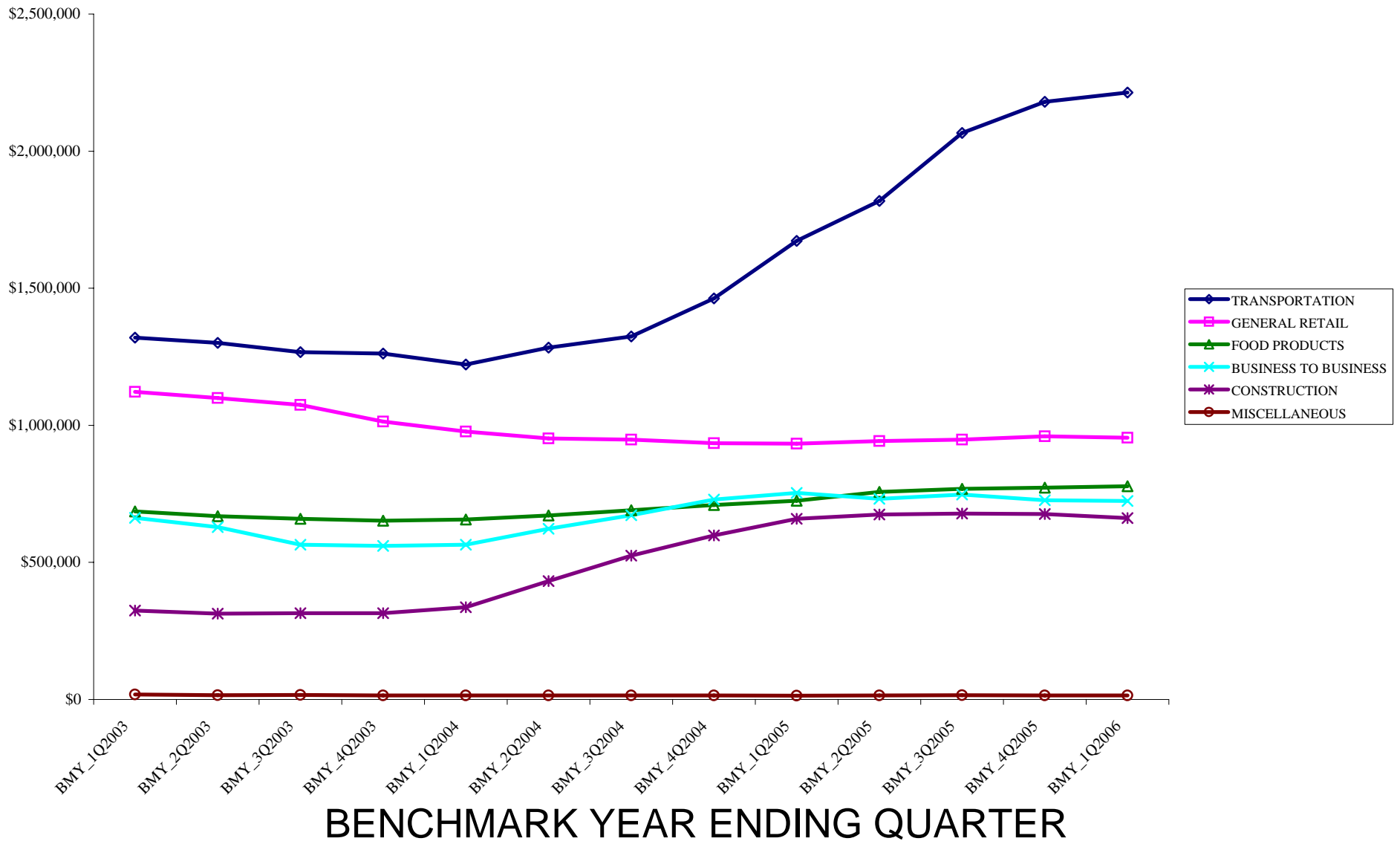
(in thousands of \$)





# CITY OF MORGAN HILL

## SALES TAX BY ECONOMIC CATEGORY



## Sales Tax Revenue Analysis

### Quarterly Sales Tax Revenues

Year	Q1	Q2	Q3	Q4	Total
<b>2006</b>	<b>1,480,873</b>				
2005	1,352,902	1,503,903	1,748,750	1,669,406	6,274,961
2004	1,008,820	1,303,824	1,288,347	1,471,834	5,072,825
2003	1,152,258	1,045,369	1,064,072	1,075,630	4,337,329
2002	1,066,129	1,224,131	1,172,571	1,158,608	4,621,439
2001	1,348,773	1,357,056	1,274,566	1,267,347	5,247,742
2000	1,139,868	1,285,566	1,250,633	1,408,160	5,084,227
1999	921,597	1,080,386	1,117,296	1,177,610	4,296,889
1998	861,449	977,685	971,007	1,017,725	3,827,866
1997	787,430	861,780	913,292	1,009,943	3,572,445
1996	726,088	799,526	851,152	846,916	3,223,682
1995	644,959	720,072	736,824	769,415	2,871,270
1994	693,039	704,331	753,364	733,555	2,884,289
Average <sup>1</sup>	\$ 975,276	1,071,969	1,095,156	1,133,846	4,276,247
Avg \$ Growth <sup>1</sup>	\$ 59,988	72,688	90,490	85,077	308,243
Avg % Growth <sup>1</sup>	8.7%	10.3%	12.0%	11.6%	10.7%

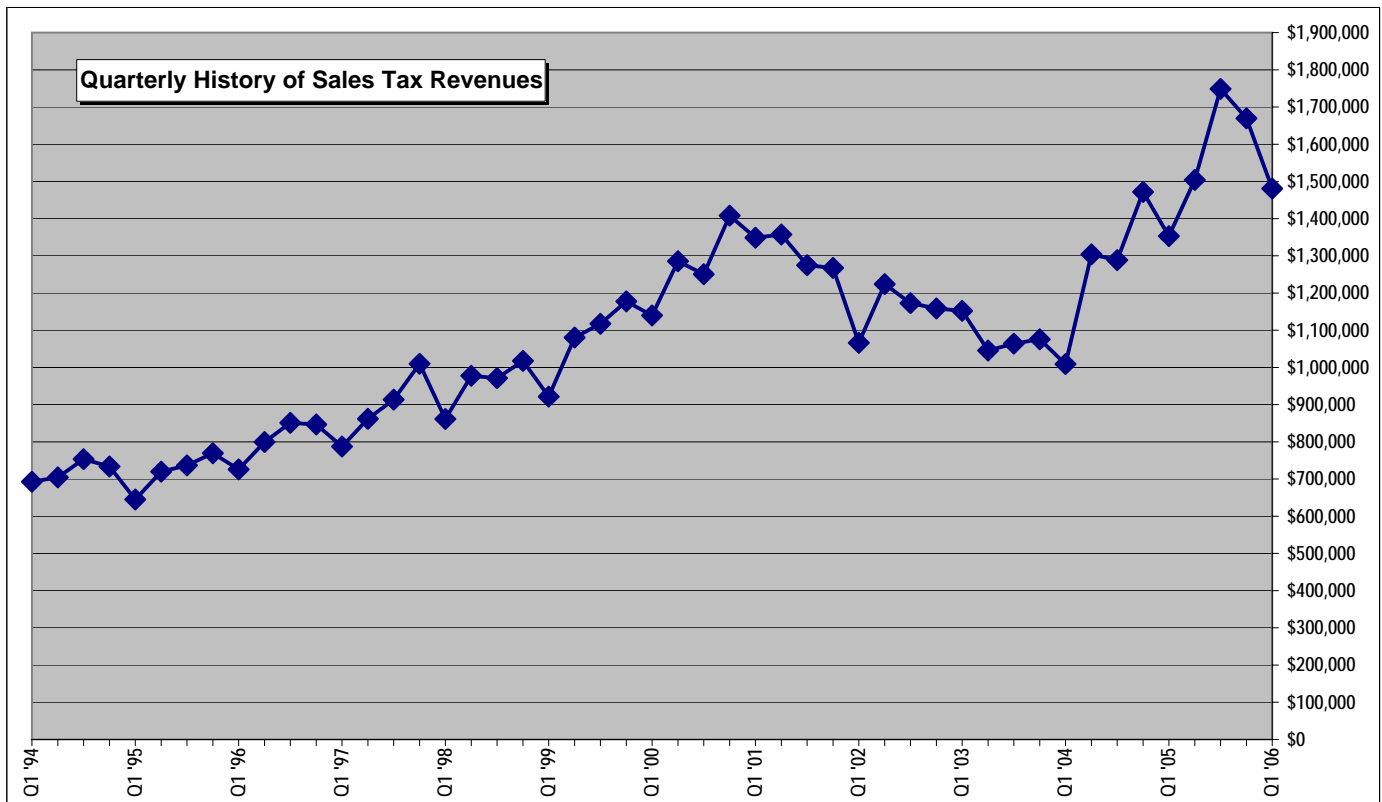
<sup>1</sup> Average from 1994 to 2005

### Percent Increase/Decrease from Prior Year

Year	Q1	Q2	Q3	Q4	Total
2005 to 06	9.5%				
2004 to 05	34.1%	15.3%	35.7%	13.4%	23.7%
2003 to 04	-12.4%	24.7%	21.1%	36.8%	17.0%
2002 to 03	8.1%	-14.6%	-9.3%	-7.2%	-6.1%
2001 to 02	-21.0%	-9.8%	-8.0%	-8.6%	-11.9%
2000 to 01	18.3%	5.6%	1.9%	-10.0%	3.2%
1999 to 00	23.7%	19.0%	11.9%	19.6%	18.3%
1998 to 99	7.0%	10.5%	15.1%	15.7%	12.3%
1997 to 98	9.4%	13.4%	6.3%	0.8%	7.1%
1996 to 97	8.4%	7.8%	7.3%	19.2%	10.8%
1995 to 96	12.6%	11.0%	15.5%	10.1%	12.3%
1994 to 95	-6.9%	2.2%	-2.2%	4.9%	-0.5%

### Cumulative Quarterly Sales Tax as % of Annual Total

Year	Q1	Q1-Q2	Q1-Q3	Q1-Q4
<b>2006</b>				
2005	21.6%	45.5%	73.4%	100.0%
2004	19.9%	45.6%	71.0%	100.0%
2003	26.6%	50.7%	75.2%	100.0%
2002	23.1%	49.6%	74.9%	100.0%
2001	25.7%	51.6%	75.8%	100.0%
2000	22.4%	47.7%	72.3%	100.0%
1999	21.4%	46.6%	72.6%	100.0%
1998	22.5%	48.0%	73.4%	100.0%
1997	22.0%	46.2%	71.7%	100.0%
1996	22.5%	47.3%	73.7%	100.0%
1995	22.5%	47.5%	73.2%	100.0%
1994	24.0%	48.4%	74.6%	100.0%
Average	22.9%	47.9%	73.5%	100.0%





## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

### **AMENDMENT TO IMPROVEMENT AGREEMENT WITH LUSAMERICA**

**RECOMMENDED ACTION:** Approve amendment to the Improvement Agreement with Lusamerica and authorize the City Manager to sign the amendment on behalf of the City subject to review and approval by the City Attorney.

**Agenda Item #** 5

**Prepared By:**

**Senior Civil Engineer**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**

#### **EXECUTIVE SUMMARY:**

On August 24, 2005, the City Council approved an improvement agreement with Lusamerica to guarantee the construction of off-site improvements at their Fish Distribution Facility located at 16480 Railroad Avenue (See attached location map.) Specifically, the improvement agreement covered the construction of public improvements along the project frontage on Barrett Avenue. The applicant has now decided to expand their facility to include a maintenance building. The addition of the proposed maintenance building has triggered the requirement for the installation of full public improvements along the project frontage on Railroad Avenue. Therefore, the improvement agreement needs to be amended to include the Railroad Avenue public improvements. The public improvements on Barrett Avenue and Railroad Avenue include the undergrounding of overhead utilities, extension of a 16 inch water main and 42 inch storm drain pipe in Barrett Avenue. Certain costs associated with the installation of these specific improvements shall be reimbursed by the City via a reimbursement agreement. The reimbursement agreement shall be forwarded to the City Council for approval upon receipt of construction costs from the developer.

The applicant has furnished the City with the necessary documents and has made provisions with the City to provide the necessary security guaranteeing the completion of public improvements prior to the issuance of the building permit. Staff recommends that City Council approve the amendment to the Improvement Agreement with Lusamerica and authorize the City Manager to sign on behalf of the City subject to review and approval by the City Attorney.

#### **FISCAL/RESOURCE IMPACT:**

Development review for this project is paid for from development processing fees.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

### **ACCEPTANCE OF SUBDIVISION IMPROVEMENTS FOR TRACT 9500, TUSCANY MEADOWS**

#### **RECOMMENDED ACTION(S):**

1. Adopt the attached resolution accepting the subdivision improvements included in Tract 9500, commonly known as Tuscany Meadows.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

#### **EXECUTIVE SUMMARY:**

Tract 9500 is a 15 lot subdivision located on the west side of Hill Road between Shafer Avenue and Katybeth Way (see attached location map). The subdivision improvements have been completed in accordance with the requirements of the Subdivision Improvement Agreement between the City of Morgan Hill and Tuscany Meadows, L.P., dated August 11, 2004 and as specifically set forth in the plans and specifications approved by the City.

The streets to be accepted are:

<u>Street Name</u>	<u>Street Length</u>
Shafer	0.24 miles
Katybeth Way	0.03 miles

The value of the public improvements being accepted is \$480,185.

**FISCAL/RESOURCE IMPACT:** Staff time for this project was paid for by development fees.

**Agenda Item # 6**

**Prepared By:**

\_\_\_\_\_  
**Senior Engineer**

**Approved By:**

\_\_\_\_\_  
**Public Works Director**

**Submitted By:**

\_\_\_\_\_  
**City Manager**

**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
MORGAN HILL ACCEPTING THE SUBDIVISION  
IMPROVEMENTS FOR TRACT 9500, TUSCANY MEADOWS**

**WHEREAS**, the owner of Tract 9500, designated as Tuscany Meadow, entered into a Subdivision Improvement Agreement on August 11, 2004 and

**WHEREAS**, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said subdivision.

**NOW, THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Subdivision Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Subdivision Improvement Agreement of August 11, 2004.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the subdivision public improvements.
4. If requested by the developer or subdivider, the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

**PASSED AND ADOPTED** this 26<sup>th</sup> day of July, 2006.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

**CERTIFICATION**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA**, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of July 26, 2006.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

DATE: \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ**, City Clerk

Record at the request of  
and when recorded mail to:

CITY OF MORGAN HILL  
CITY CLERK  
17555 Peak Avenue  
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

**TRACT 9500, TUSCANY MEADOWS**

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on July 13, 2006, by Tuscany Meadows, L.P., the subdivider of record and accepted by the City Council on July 26, 2006. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Insurance Company of the West.

Name and address of Owner: City of Morgan Hill  
17555 Peak Avenue  
Morgan Hill, California

Dated: \_\_\_\_\_, 2006.

\_\_\_\_\_  
Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk  
City of Morgan Hill, CA  
Date:



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

### **PUBLIC WORKS LANDSCAPE MAINTENANCE AGREEMENT FOR FY 2006-2008**

#### **RECOMMENDED ACTION(S):**

1. Approve maintenance agreement for grounds and landscape maintenance services for FYs 06/07 and 07/08 to New Image Landscape Company in the amount of \$281,065.
2. Authorize the City Manager to execute the agreement on behalf of the City.

**EXECUTIVE SUMMARY:** The current agreement ended on June 30, 2006. A Request for Proposal process was held in order to award a new agreement for grounds and landscape maintenance services. The proposal was sent to several vendors and advertised in the newspaper. The proposals received were from the companies listed below:

New Image Landscape	\$281,065
Capital Construction	\$409,300
Jensen Landscape Services	\$428,006
Medallion Landscape Management	\$439,580

The services provided are for landscape maintenance services of the Community Cultural Center, Aquatics Center, Centennial Recreation Center, arterial medians, Redevelopment parking lots, and the Fox Hollow-Murphy Springs Landscape and Lighting District sub-areas.

New Image Landscape provided the lowest proposal. Staff checked their references, which included several municipalities, and found current and previous employers very pleased with the service provided by New Image. The agreement is for two years, July 1, 2006 through June 30, 2008. The price given is \$143,140 per year. However, the first year is prorated at \$137,925 because the Centennial Recreation Center is still being constructed. The total cost of the agreement, excluding the Centennial Recreation Center, represents a 35% increase over the previous agreement.

Capital Construction (the second lowest proposal) filed a protest stating they believed New Image's proposal was incomplete and should be rejected. At the request of the City Attorney's office the protest was reviewed by Jorgenson, Siegel, McClure & Flegel, LLP. New Image's proposal was found to be complete. The attorney's response letter and Capital Construction's letter is attached. Staff recommends awarding the maintenance agreement to New Image Landscape.

**FISCAL/RESOURCE IMPACT:** Funding exists for the first year of this agreement in the FY 2006-07 budgets of the Community Cultural Center, Aquatics Center, RDA, Centennial Recreation Center, Streets, and Landscape & Lighting District Divisions.

**Agenda Item # 7**

**Prepared By:**

**Management Analyst**

**Approved By:**

**Department Director**

**Submitted By:**

**City Manager**



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

### **RESOLUTION OF SUPPORT FOR ABAG TO CREATE A COUNTYWIDE SUB-REGION WITHIN THE REGIONAL HOUSING NEEDS ALLOCATION PROCESS**

#### **RECOMMENDED ACTION:**

Adopt Resolution authorizing the City of Morgan Hill to become a member of a countywide sub-region consortium with the purpose of locally administering the ABAG Regional Housing Needs Allocation Process.

**EXECUTIVE SUMMARY:** The Regional Housing Needs Allocation (RHNA) is a state mandated process for establishing fair-share allocation of needed housing, including affordable housing among local jurisdictions in the state. State Housing Element law requires the California State Department of Housing and Community Development (HCD) to prepare regional housing needs determinations. The regional need determinations are then submitted to Council's of Government for allocation to local jurisdictions. ABAG is the Council of Government for the Bay Area and is responsible for the allocations at the county and local government level. In past allocations, individual jurisdictions typically have not had much ability to influence the RHNA.

In 2004, a change in the State Housing Element law allows cities and counties the option of forming a sub-region to develop the methodology for the allocation of the sub-region's projected need for housing among its members as opposed to each jurisdiction receiving its allocation directly from ABAG. Although ABAG retains authority of the RHNA process and will continue to conduct the process for the Bay Area, if a sub-region forms, ABAG will delegate the authority for allocation of housing units to the sub-region. If the sub-region fails, ABAG will resume responsibility for the allocation.

Both the Santa Clara County City Managers Association and the Planning Director's Association are evaluating the pros and cons of forming a sub-region for the RHNA process. The sub-region would consist of all the cities and the County government in Santa Clara County. The first step in participating as a member of the sub-region is for the legislative body of each City to adopt a resolution indicating participation. The adopted resolutions must then be forwarded to ABAG no later than August 30, 2006. Following the submittal of the resolutions by jurisdiction, ABAG would adopt a resolution approving the sub-region. If an insufficient number of Santa Clara Counties elect to join the sub-region effort, or if administrative details can't be worked out, Morgan Hill has the option of not continuing with the sub-region effort. Furthermore, even though a jurisdiction participates in the sub-region effort, individual jurisdictions retain the rights to appeal the allocation and may drop out of the sub-region process at any time. If a jurisdiction is no longer part of a sub-region, ABAG will assign the jurisdiction its fair share of the allocation as determined by ABAG.

Staff finds the creation of a sub-region has the potential to significantly increase local control over the administration of the allocation process by allowing the sub-region, rather than ABAG, to establish the methodology under which the housing needs numbers are allocated to the jurisdictions in the sub-region. Additionally, members of the sub-region will have the flexibility to negotiate with other members of the sub-region for adjustments to their allocations. ABAG is currently targeting June 30, 2008 for the submittal of the next RHNA to HCD for review. HCD approval is anticipated in August 2008 for the planning period of 2006 through 2014. Housing Elements are required to be updated to include the new allocations by June 30, 2009.

**FISCAL/ RESOURCE IMPACT:** Staff time by the Planning Manager will be required for participation in the sub-region allocation process. Attendance at monthly meetings will be required along with preparation for the meetings. The effect is considered within the range of planning activities in the work program and will not affect the progress on other work plan items.

**Agenda Item #** 8

**Prepared By:**

**Planning Manager**

**Approved By:**

**Community  
Development Director**

**Submitted By:**

**City Manager**





## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

**Agenda Item #** 9

**Prepared By:**

**Director of BAHS**

**Submitted By:**

**City Manager**

### **APPROVAL OF IMPROVEMENT AGREEMENT**

**RECOMMENDED ACTION(S):** Authorize the City Manager to execute an improvement agreement with Morgan Hill Retail Venture L.P. for the Cochrane Road and Hwy 101 retail center.

### **EXECUTIVE SUMMARY:**

In November 2005, the City Council approved the development of a retail center at the northeast corner of Cochrane Road and Hwy 101. Since then the Developer has submitted on-site and off-site improvement plans for City approval. This improvement agreement guarantees the construction of public improvement for Phase I of the project per the Development Agreement. Public improvements are required per Section 12.02.050 of the Municipal Code. The public improvements include: street widening improvements of Cochrane Rd. from 2 to 4 lanes from Hwy 101 to Mission View Drive, street medians, installation of a traffic signal and modification of an existing signal, and construction of on-site and offsite sewer, water, and storm drain lines. The estimated construction costs for Phase I is about \$4.7M.

This agreement is a modification of the standard agreement to reflect the provisions of the Development Agreement approved for the project in November 2005. Per the agreement, the applicant will be required to provide the necessary security and guarantee to complete the improvements prior to issuance of the occupancy permits.

**FISCAL/RESOURCE IMPACT:** Development review for this project is from development processing fees.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

**Agenda Item # 10**

**Prepared By:**

**Municipal Services  
Assistant**

**Approved By:**

**City Clerk**

**Submitted By:**

**City Manager**

### **ADOPT ORDINANCE NO. 1786, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH A PLANNED UNIT DEVELOPMENT ON A 3.5 ACRE SITE LOCATED ON THE NORTHEAST CORNER OF THE INTERSECTION OF MONTEREY ROAD AND BISCEGLIA AVENUE (APNs 817-01-061, 062, 063 & 064) (ZA-05-09: Church-Alcini)**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1786, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 19, 2006, the City Council Introduced Ordinance No. 1786, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

**Agenda Item # 11**

**Prepared By:**

**Municipal Services  
Assistant**

**Approved By:**

**City Clerk**

**Submitted By:**

**City Manager**

### **ADOPT ORDINANCE NO. 1787, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION DA-05-08 FOR APPLICATION MC 04-15: CHURCH - ALCINI (APN 817-01-061 & 064) (ZA-05-09: CHURCH-ALCINI)**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1787, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 19, 2006, the City Council Introduced Ordinance No. 1787, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE: July 26, 2006**

Agenda Item # 12

Prepared By:

Municipal Services  
Assistant

Approved By:

City Clerk

Submitted By:

City Manager

### **ADOPT ORDINANCE NO. 1788, NEW SERIES**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING AN AMENDMENT TO A PRECISE DEVELOPMENT PLAN FOR AN EXISTING PLANNED UNIT DEVELOPMENT (PUD) ORDINANCE (ORDINANCE NO. 1687) TO ALLOW AN APPROXIMATELY 167,500 SQUARE FOOT ABOVE GROUND MATHEMATICS CONFERENCE CENTER WITH A 34,385 SQUARE FOOT UNDERGROUND GARAGE AND A NEW 185 SPACE SURFACE PARKING LOT TO REPLACE AN EXISTING 121 SPACE PARKING LOT ON AN APPROXIMATELY 54 ACRE SITE LOCATED AT 14830 FOOTHILL AVENUE. (APNS 825-30-007 AND 825-29-002) (ZAA 03-03: FOOTHILL – THE INSTITUTE)**

### **RECOMMENDED ACTION(S):**

**Waive** the Reading, and **Adopt** Ordinance No. 1788, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

### **EXECUTIVE SUMMARY:**

On July 19, 2006, the City Council Introduced Ordinance No. 1788, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

### **FISCAL IMPACT:**

None. Filing fees were paid to the City to cover the cost of processing this application.



**REDEVELOPMENT AGENCY**  
***STAFF REPORT***

***MEETING DATE:*** July 26, 2006

**PRELIMINARY JUNE 2006 FINANCE &  
INVESTMENT REPORT**

**Agenda Item # 13**

**Prepared By:**

**Finance Director**

**Submitted By:**

**Executive director**

**RECOMMENDED ACTION:**

Accept and File Report

**EXECUTIVE SUMMARY:** Attached is the preliminary monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of June 2006. The report preliminarily covers activity for the first twelve months of the 2005/2006 fiscal year. The final monthly report for the twelve months ended June 30, 2006, will be submitted to the City Council in August. A summary of the preliminary report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

**FISCAL IMPACT:** As presented.

**REDEVELOPMENT AGENCY OF  
THE CITY OF MORGAN HILL**

**Monthly Financial and Investment Reports**

**Preliminary June 30, 2006 – 100% Year Complete**



**CITY OF MORGAN HILL  
REDEVELOPMENT AGENCY**

**Prepared by:**

**FINANCE DEPARTMENT**



**REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA**  
**PRELIMINARY FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06**  
**FOR THE MONTH OF JUNE 2006 - 100% OF YEAR COMPLETE**

**Revenues**

This analysis of the status of the Agency's financial situation preliminarily reflects 100% of the year. Final numbers will be reflected in the final report to be presented to the Agency Board in August.

Through June 30, the Redevelopment Agency preliminarily generated \$24,885,706 in gross property tax increment revenues during the 2005/06 fiscal year. Of this total, \$2,624,258 was passed through to other jurisdictions, \$1,856,914 was paid to the State of California's Educational Revenue Augmentation Fund (ERAF), and only the remaining \$20,404,534 was actually received by the Agency. The Redevelopment Agency, as of June 30, 2006, has collected \$100,000,000 in tax increment revenue under the original plan and has preliminarily collected \$117,815,984, net of pass-through obligations to other agencies and ERAF payments, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2005/2006 were collected under the plan amendment.

An amount of \$3,697,659 in interest earnings and other income was preliminarily received through June. This total included \$650,000 received by the Agency for the sale of the old police facility, included \$658,000 in loan repayments received from Hospira and Johnson Lumber, included \$169,000 from the repayment of a "sweat equity" housing loan, and included \$267,000 in revenue from the County Library toward the cost of the new Library design. The Agency also received \$276,000 in December, as part of this total, from the sale of a below market rate housing unit. Certain additional interest earnings, not yet received, are still to be accrued.

**Expenditures**

Total Redevelopment Agency Capital Projects expenditures and encumbrances preliminarily equaled \$41,685,904 and were 82% of budget. Of this total, \$18,223,465 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have preliminarily spent only 46% of the budget, including \$2,624,258 in pass-throughs to other jurisdictions and the \$1,856,914 ERAF payment. Expenditures for administrative costs for employee services, supplies, contract services, and County property tax administrative fees were preliminarily 99% of budget. Through June, CIP project expenditures preliminarily totaled \$15,382,985, including approximately \$195,000 on Aquatics improvements, \$1,542,000 on the Library, \$12,865,000 on the Centennial Recreation Center, \$386,000 on Tennant Avenue Widening, and \$375,000 on Depot Street Undergrounding. In addition, the Agency spent \$358,000 moving the Acton House/Museum and \$875,000 on the County Court House.

Expenditures plus encumbrances for Housing were preliminarily at 52% of the budget for a total of \$5,278,536. This included approximately \$343,000 in funding for the Watsonville Road Housing Project, \$1,403,000 for the Royal Court Housing loan, and \$1,140,000 for the Casa Diana purchase. All of the 2005/06 housing related expenditures have been funded with tax increment collected under the plan amendment.

**Fund Balance**

The preliminary unreserved fund balance of negative (\$7,081,060) for the Capital Projects Fund at June 30, 2006, consisted entirely of monies collected under the plan amendment. The unreserved fund balance does not reflect future obligations to pay an additional \$875,000 for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency decide to execute its option to purchase in accordance with the agreement. If these future commitments are subtracted from the negative (\$7,081,060), the remaining unreserved fund balance at June 30 would preliminarily be negative (\$9,566,060). However, these commitments are expected to be paid out over the next several years. Property tax increment receipts and other funding in the near future will provide the resources necessary to carry the Agency into the 2006/07 fiscal year. The Capital Projects Fund cash balance at June 30 was preliminarily \$11,333,366.

The unreserved fund balance of \$7,375,399 for the Housing Fund at June 30 consisted of funds all collected under the plan amendment.

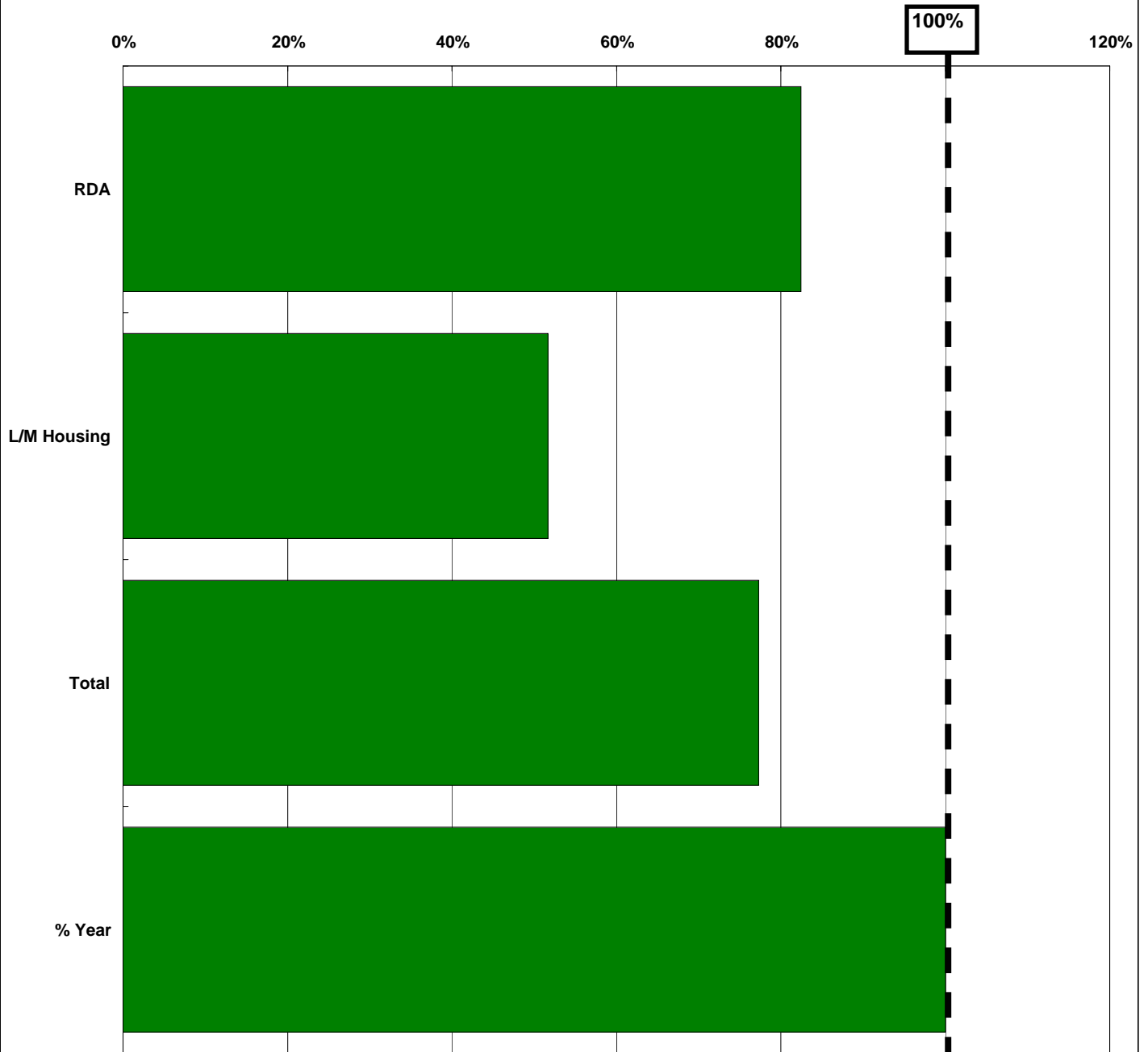




# Redevelopment Agency YTD Expenditures

June 30, 2006

Percent of Actual to Budget

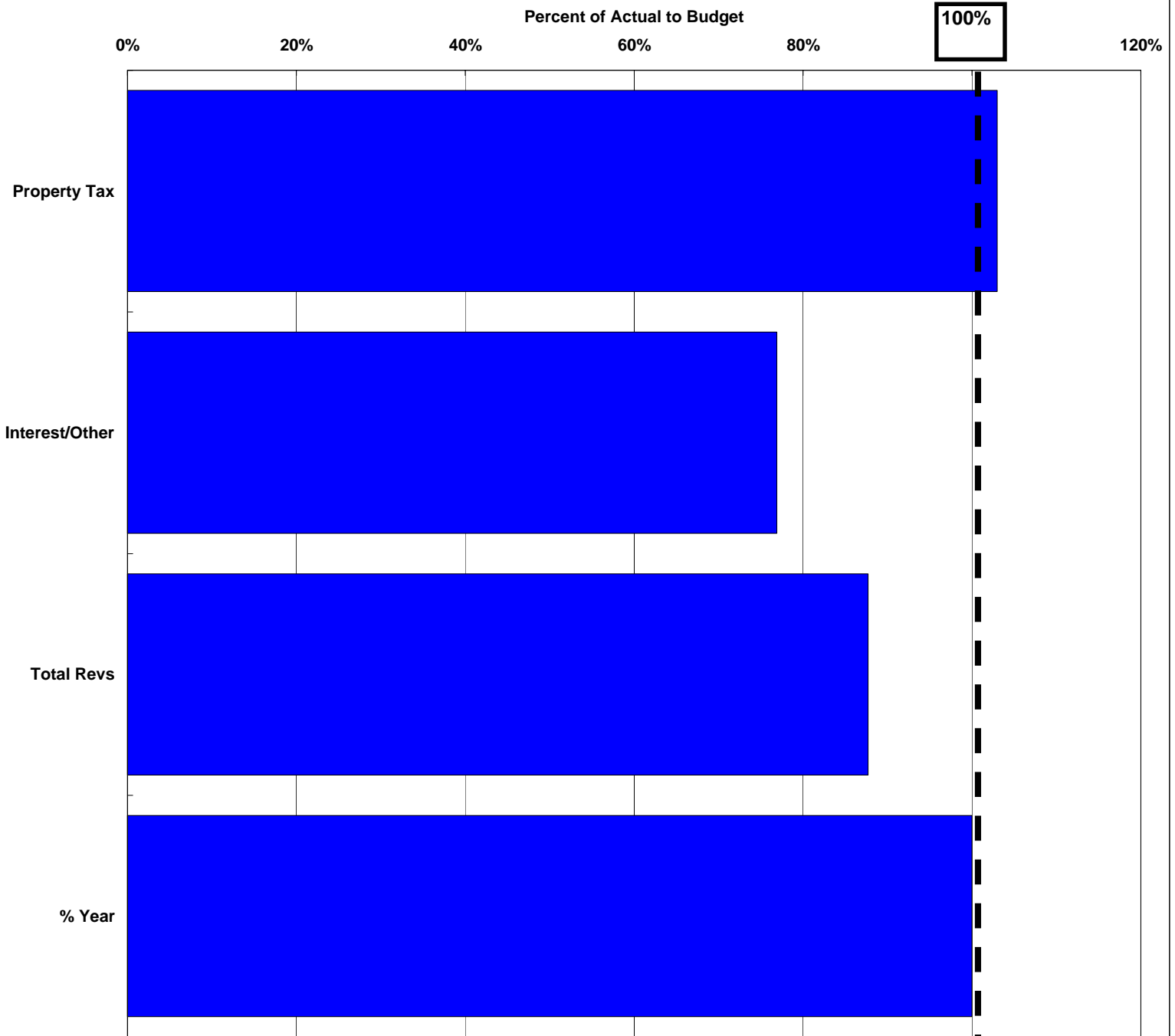


Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$50,556,350	\$41,685,904	82%
HOUSING	10,209,748	5,278,536	52%
TOTALS	\$60,766,098	\$46,964,440	77%



# Redevelopment Agency YTD Revenues

June 30, 2006



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$24,171,636	\$24,885,706	103%	\$18,970,680	31%
INTEREST INCOME/RENTS/OTHER	\$4,808,397	\$3,697,659	77%	\$1,012,448	265%
TOTALS	\$32,580,033	\$28,583,365	88%	\$19,983,128	43%



Redevelopment Agency  
Fund Balance Report - Fiscal Year 2005/06  
Preliminary For the Month of June 2006  
100% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved <sup>1</sup>	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$12,182,379	22,493,514	80%	23,462,439	46%	(968,925)	18,294,514	(7,081,060)	\$11,333,366	
327/328	HOUSING	\$6,764,866	6,089,851	138%	5,022,199	49%	1,067,652	457,119	\$7,375,399	\$7,977,936	
<b>TOTAL CAPITAL PROJECT FUNDS</b>		<b>\$18,947,245</b>	<b>28,583,365</b>	<b>88%</b>	<b>28,484,638</b>	<b>47%</b>	<b>98,727</b>	<b>18,751,633</b>	<b>294,339</b>	<b>19,311,302</b>	
<b>SUMMARY BY FUND TYPE</b>											
	CAPITAL PROJECTS GROUP	\$18,947,245	28,583,365	88%	28,484,638	47%	98,727	18,751,633	294,339	19,311,302	
<b>TOTAL ALL GROUPS</b>		<b>\$18,947,245</b>	<b>28,583,365</b>	<b>88%</b>	<b>28,484,638</b>	<b>47%</b>	<b>98,727</b>	<b>18,751,633</b>	<b>294,339</b>	<b>19,311,302</b>	
<b>TOTAL CASH AND INVESTMENTS</b>										<b>19,311,302</b>	

<sup>1</sup> Amount reserved for encumbrances, fixed asset replacement, long-term receivables



**Redevelopment Agency**  
**Year to Date Revenues - Fiscal Year 2005/06**  
**Preliminary For the Month of June 2006**  
**100% of Year Complete**

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
<b>CAPITAL PROJECTS FUNDS</b>							
<b>317 CAPITAL PROJECTS</b>							
Property Taxes & Supplemental Roll	15,169,461	19,769,461	19,908,565	101%	14,305,878	5,602,687	39%
Loan Proceeds	4,500,000	4,500,000	716,235	16%	-	-	n/a
Interest Income, Rents	297,947	297,947	679,841	228%	173,391	506,450	292%
Other Agencies/Current Charges	-	3,600,000	1,188,873	n/a	434,407	754,466	174%
<b>TOTAL CAPITAL PROJECTS</b>	<b>19,967,408</b>	<b>28,167,408</b>	<b>22,493,514</b>	<b>80%</b>	<b>14,913,676</b>	<b>7,579,838</b>	<b>51%</b>
<b>327/328 HOUSING</b>							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	4,977,141	113%	4,664,802	312,339	7%
Interest Income, Rent	10,450	10,450	369,373	3535%	349,752	19,621	6%
Other	-	-	743,337	na	54,898	688,439	1254%
<b>TOTAL HOUSING</b>	<b>4,412,625</b>	<b>4,412,625</b>	<b>6,089,851</b>	<b>138%</b>	<b>5,069,452</b>	<b>1,020,399</b>	<b>20%</b>
<b>TOTAL CAPITAL PROJECTS FUNDS</b>	<b>24,380,033</b>	<b>32,580,033</b>	<b>28,583,365</b>	<b>88%</b>	<b>19,983,128</b>	<b>8,600,237</b>	<b>43%</b>



**Redevelopment Agency**  
**Year to Date Expenses - Fiscal Year 2005/2006**  
**Preliminary For the Month of June 2006**  
**100% of Year Complete**

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET	PRIOR YTD
317 CAPITAL PROJECTS								
	Tax Increment Pass Thru ERAF	262,426	2,065,583	2,624,258		2,624,258	n/a	2,314,091
			1,856,914	1,856,914		1,856,914	n/a	2,039,239
	BAHS Administration	127,254	1,864,741	1,760,532	89,018	1,849,550	99%	1,586,703
	BAHS Economic Development	64,190	4,100,252	1,837,750	382,095	2,219,845	54%	1,919,603
	BAHS CIP	<u>2,131,738</u>	<u>40,668,860</u>	<u>15,382,985</u>	<u>17,752,352</u>	<u>33,135,337</u>	<u>81%</u>	<u>4,377,111</u>
	<b>TOTAL CAPITAL PROJECTS</b>	<b><u>2,585,608</u></b>	<b><u>50,556,350</u></b>	<b><u>23,462,439</u></b>	<b><u>18,223,465</u></b>	<b><u>41,685,904</u></b>	<b><u>82%</u></b>	<b><u>12,236,747</u></b>
327 AND 328 HOUSING								
	Housing	<u>508,389</u>	<u>10,209,748</u>	<u>5,022,199</u>	<u>256,337</u>	<u>5,278,536</u>	<u>52%</u>	<u>5,264,336</u>
	<b>TOTAL HOUSING</b>	<b><u>508,389</u></b>	<b><u>10,209,748</u></b>	<b><u>5,022,199</u></b>	<b><u>256,337</u></b>	<b><u>5,278,536</u></b>	<b><u>52%</u></b>	<b><u>5,264,336</u></b>
<b>TOTAL CAPITAL PROJECT FUND:</b>		<b>3,093,997</b>	<b>60,766,098</b>	<b>28,484,638</b>	<b>18,479,802</b>	<b>46,964,440</b>	<b>77%</b>	<b>17,501,083</b>



**Redevelopment Agency of the City of Morgan Hill**  
**Balance Sheet Report - Fiscal Year 2005/06**  
**Preliminary For the Month of June 2006**  
**100% of Year Complete**

	<b>CAPITAL PROJECTS (Fund 317)</b>	<b>Housing (Fund 327/328)</b>
<b>ASSETS</b>		
Cash and investments:		
Unrestricted	11,333,366	7,977,936
Accounts Receivable	26,576	
Loans Receivable <sup>1</sup>	4,274,445	33,041,619
Advance to Other Funds		
Fixed Assets <sup>2</sup>	71,049	210,000
Other Assets		
<b>Total Assets</b>	<b>15,705,436</b>	<b>41,229,555</b>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	180,525	35,986
Deferred Revenue <sup>3</sup>	4,311,457	33,361,051
Accrued Vacation and Comp Time		
<b>Total liabilities</b>	<b>4,491,982</b>	<b>33,397,037</b>
<b>FUND BALANCE</b>		
Fund Balance		
Reserved for:		
Encumbrances	18,223,465	247,119
Advance to Other Funds		
Properties Held for Resale	71,049	210,000
Loans and Notes Receivable		
<b>Total Reserved Fund balance</b>	<b>18,294,514</b>	<b>457,119</b>
Unreserved Fund Balance	(7,081,060)	7,375,399
<b>Total Fund Balance</b>	<b>11,213,454</b>	<b>7,832,518</b>
<b>Total Liabilities and Fund Balance</b>	<b>15,705,436</b>	<b>41,229,555</b>

<sup>1</sup> Includes Housing Rehab loans and loans for several housing and Agency projects.

<sup>2</sup> Includes RDA properties held for resale.

<sup>3</sup> Includes the deferred payment portion of the loans noted above.



## **REDEVELOPMENT AGENCY**

**MEETING DATE:** July 26, 2006

**Agenda Item # 14**

**Approved By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

### **REQUEST FROM WESTON-MILES ARCHITECTS FOR A LOAN FOR OFF-SITE IMPROVEMENTS**

**RECOMMENDED ACTION(S):** Authorize the Executive Director to do everything necessary and appropriate to loan Weston Miles Architects up to \$10,000 for off-site improvements for their Depot and Main St project, subject to the same provisions as the existing loans.

**EXECUTIVE SUMMARY:** In March 2004, the City Council/Redevelopment Agency approved a loan to Weston-Miles Architects (WMA) to fund the off-site improvements for the Day Worker Center on Depot St. /Main Ave. The off-site improvements include curb, sidewalk, gutter, street improvements, lighting, engineering and inspection fees, water and sewer improvements, and utility undergrounding in-lieu fees. The loan was for \$180,000. Subsequently, in January 2005, the Agency loaned WMA another \$15,000 to cover the Day Worker Center's share of the off-site improvements.

Currently, the City is undergrounding the utilities along Depot St. including the gas lines. WMA indicates that their property on Depot/Main has never been developed (other than for the interim Day Worker Center) and consequently does not have a gas or electrical stub. WMA wants to install the gas and electrical service now to save costs and avoid having to trench into the newly paved Depot St. when they are ready to develop the property. PG&E estimates the work will cost about \$10,000 and will be performed while they are undergrounding their utility lines. WMA indicates that they lack the financial resources to perform the work now and would need to wait for the development of their property, as they have received an allocation under the RDCS. As a result, WMA is requesting a loan of up to \$10,000 to be added to their existing obligations to fund these utility stubs (see the attached e-mail).

The terms of the loan would be the same as the previous loans:

- Zero percent (0%) interest for the first five years; the interest rate increases to LAIF for the sixth and seventh years of the loan.
- Loan repayments would begin in year six or when a building permit is pulled, whichever is earlier.
- Payments are amortized over two years from when payments begin.
- The loan would be secured against the property, most likely as a 4<sup>th</sup> deed of trust. The previous two loans are in the 2<sup>nd</sup> and 3<sup>rd</sup> position on the properties.

Staff would slightly modify the terms so that this loan comes due at the same time as the other loans. The transaction only requires staff to prepare a new promissory note and deed of trust to reflect a loan of \$10,000.

**FISCAL IMPACT:** Sufficient funds are in the BAHS FY06-07 Economic Development budget to cover this loan.



## **REDEVELOPMENT AGENCY**

**MEETING DATE:** *July 26, 2006*

**Agenda Item #** 15

**Prepared By:**

**BAHS Intern**

**Approved By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

### **AUTHORIZATION TO APPLY FOR AND ACCEPT A CalHFA RESIDENTIAL DEVELOPMENT LOAN FOR HOUSING PROJECTS**

#### **RECOMMENDED ACTION(S):**

Adopt a resolution authorizing the Executive Director to:

- 1) Apply to the California Housing Finance Agency (CalHFA) "Residential Development Loan" program for a loan of up to \$2 million; and
- 2) Do everything necessary and appropriate to accept and execute the loan agreements with CalHFA, if awarded.

#### **EXECUTIVE SUMMARY:**

The CalHFA Residential Development Loan Program (RDLP) is a program being offered to local government agencies to encourage more affordable owner-occupied housing developments. The funds are to be used for "site acquisition and predevelopment expenses attributed to affordable infill". Since the RDLP funds are substantially less costly than interim commercial financing, this loan will provide access to low cost capital for affordable housing developers and allow the Agency to use its housing funds on other projects and programs.

The RDLP program has a "Loan-to-Lender" format which allows a recipient agency to distribute funds through loans, grants, land write-downs, or other financial methods. RDLP funds are provided to local government agencies as an unsecured loan from CalHFA at an annual interest rate of 3% for up to 4 years. The CalHFA requires that the local governmental entity authorize staff to make an application and commit to repaying the loan according to the terms and conditions of the loan agreement.

The Agency is applying to use RDLP funds for land acquisition and predevelopment costs for South County Housing's Madrone Plaza project. Madrone Plaza is a 95 unit affordable for-sale housing development located at the southeast corner of Cochrane and Monterey Roads. South County Housing is in the process of developing the Madrone Plaza project. If our application is successful, the RDLP funds would be used to fund this project which would make the units more affordable in the future.

#### **FISCAL IMPACT:**

If awarded the CalHFA "Residential Development" loan, the Agency will be responsible for repaying the loan. However, repayments would come from South County Housing (a non-profit developer) to whom the Agency will be loaning the funds.





## ***CITY COUNCIL STAFF REPORT***

***JULY 26, 2006***

**Agenda Item # 16**

**Prepared By:**

**Council Services &  
Records Manager**

**Submitted By:**

**City Manager**

### **ASSESSMENT OF HAZARDOUS VEGETATION MANAGEMENT PROGRAM CHARGES**

#### **RECOMMENDED ACTION(S):**

1. **Open/Close Public Hearing.**
2. **Adopt Resolution** ordering the Final Report on the 2006 Hazardous Vegetation Program be transmitted to the County Assessor's Office and that liens be posted against the properties on the report.

#### **EXECUTIVE SUMMARY:**

Since 1995, the City's Hazardous Vegetation Management Program has been administered through a contract with Santa Clara County. The County's Department of Agriculture and Resource Management identifies properties in Morgan Hill with hazardous vegetation and/or brush and notifies the property owners. The property owners are given a specific timeline to remove the vegetation, and if they do not, a contractor, selected by the County, removes the vegetation. The cost for the abatement is then passed on to the owner as an assessment on their property tax bill.

Two hundred and sixty-seven (267) parcels in Morgan Hill were included in the 2006 Hazardous Vegetation Program. According to the County Department of Agriculture and Resource Management, the County contractor abated fifty-five (55) parcels of land this year. These parcels are listed in Exhibit A. Approximately 81% of the properties in the Program were abated by the property owners.

The purpose of the July 26, 2006 public hearing is to hear comments by property owners about the Hazardous Vegetation Program. Staff from the Department of Agriculture and Resource Management will be available to answer questions.

Following the public hearing, the final stage of the 2006 Hazardous Vegetation Abatement Program is for the Council to order that the abatement expenses be assessed against the property owners' tax bill. This is accomplished by adopting the attached resolution. The resolution authorizes the transmission of the Final Report to the County Assessor's Office, and requests that liens be posted against the properties on the report. This action must be completed before August 10, 2006.

**FISCAL IMPACT:** The Hazardous Vegetation Management Program is user fee supported. The per-lot assessment includes costs for doing the vegetation and brush control work plus the overhead cost to administer the Program.



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: JULY 26, 2006***

### **PUBLIC HEARING AND ADOPTION OF RESOLUTIONS CONFIRMING FISCAL YEAR 2006-07 ANNUAL ASSESSMENT FOR THE FOX HOLLOW-MURPHY SPRINGS ASSESSMENT DISTRICT**

#### **RECOMMENDED ACTION(S):**

- 1) Open and Close the Public Hearing
- 2) Adopt the attached resolutions confirming the Fiscal Year 2006-07 Annual Assessment for the Fox Hollow/Murphy Springs Assessment District

**EXECUTIVE SUMMARY:** The Fox Hollow-Murphy Springs Assessment District was created to pay for the maintenance of the parks and common area landscaping in new neighborhoods benefiting from the open space. Per Government Code sections 22623 to 22631, an engineer's report is required to set the annual assessments in the District.

At its June 28, 2006 meeting Council declared its intent to levy assessments in the Fox Hollow/Murphy Springs Assessment District and established the public hearing date set for tonight's meeting. Notice of tonight's public hearing was posted in the newspaper in accordance with State Law.

There are no proposed changes in the assessment rates for Fiscal Year 06-07. However, in the case of 4 sub areas; Conte Gardens, La Grande, Sandalwood, and Jackson Meadows #7, maintenance services have been reduced to only weed abatement 2 times per year. This is necessary to make available revenue raised from the current assessments to reduce and eliminate excessively high fund balance deficits in the case of these 4 Sub Areas. Attached is the 2006-07 Engineer's Report showing current assessment rates, fund balances, and a history of assessments.

Since the meeting of June 28, 2006 when the Council approved the Preliminary Engineer's Report, inadvertent errors involving the recording of water billing costs were discovered in 7 of the Sub Areas. These errors have been corrected in the Final Engineer's Report.

For tonight's public hearing the two resolutions requiring adoption are 1) Amend or approve the Final Engineer's Report for levy of the assessments 2) Order the levy and collection of assessments. These resolutions comply with the Landscaping and Lighting Act of 1972.

**FISCAL/RESOURCE IMPACT:** The cost for preparation of this staff report and the Engineer's Report will be paid for by the Assessment District. It is anticipated that the District will generate \$151,678 in gross revenues for the Fiscal Year 2006-07 and include \$131,374 in total expenses. Therefore, the District's Fund Balance will increase by \$19,944 to a total positive balance of \$26,238. These funds are used for making needed repairs and improvements.

**Agenda Item # 17**

**Prepared By:**

**Deputy Director Public  
Works/Operations**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

**Agenda Item # 18**

**Prepared By:**

**Director of BAHS**

**Submitted By:**

**City Manager**

### **FORMATION OF PROPERTY-BASED IMPROVEMENT DISTRICT (PBID)**

**RECOMMENDED ACTION(S):** 1. Open Public Hearing, 2) Authorize the City Clerk's office to open and count the ballots, 3) Declare the results of the ballot process and close the public hearing; and 4) If a majority of returned property owner ballots weighted by the financial obligations of the assessment to be paid is met, approve the resolution authorizing the formation of the PBID, and the levy and collection of assessments for a period of five years, commencing fiscal year 2006-2007, and approve the Final Engineer's Report (previously submitted).

**EXECUTIVE SUMMARY:** In June 2006, City/Agency's adopted a resolution of intent to form the Downtown Morgan Hill Business Improvement District (PBID) and to levy and collect assessments within the PBID. The proposed PBID is designed to benefit properties in the downtown area bounded by Main Avenue to the north, Dunne Avenue to the south, Butterfield Boulevard to the east and Del Monte Avenue to the west. The PBID will fund improvements and activities related to capital improvements, economic development and marketing, pedestrian security and safety, and public space and policy advocacy to the properties within the PBID. There are two benefit zones: Premium Zone and Standard Zone. The assessments are based on lot square footage and building square footage. The duration of the PBID is five years and the total PBID budget for the FY06-07 is \$75,000 with provisions for annual increases up to 5% per year. On June 28, 2006, the Redevelopment Agency committed to provide the Morgan Hill Downtown Association (MHDA) with matching funds of \$75,000 to fund the operations of the MHDA for FY06-07. This will provide MHDA funding to establish/begin the operations of the PBID or wrap up the MHDA operations should the PBID not be formed. Attached for your reference are the management district plan, final engineer's report, and ballot procedures.

The next step in the PBID formation process is for the City Council to conduct a public hearing to consider approval of the resolution to form the PBID and authorize the levy and collection of assessments for a period of five years. At the public hearing, the Council will authorize the City Clerk's office to open and count the ballots to determine the results of the PBID ballot procedure pursuant to Proposition 218. A majority of returned property owner ballots weighted by the financial obligations of the assessment to be paid must be received in order to form a PBID. If the returned ballot results meet this requirement, the City Council may declare the results of the ballots, approve the resolution to authorize formation of the PBID and levy and collection of assessments for a period of five years, commencing with fiscal year 2006-2007, and approve the Final Engineer's Report (previously submitted). If the resolution is adopted, City staff will work with the MHDA to form the PBID board and operational structure.

**FISCAL/RESOURCE IMPACT:** The formation of a PBID would require the City/Agency to pay over \$23,000 in annual property assessments for five years.



## REDEVELOPMENT AGENCY STAFF REPORT

MEETING DATE: July 26, 2006

### COMMERCIAL REHABILITATION LOAN PROGRAM FOR DOWNTOWN SMALL BUSINESSES

Agenda Item # 19

Prepared By:

BAHS Director

Submitted By:

Executive Director

#### RECOMMENDED ACTION(S):

- (1) Adopt a commercial rehabilitation program to attract and retain downtown small businesses.
- (2) Authorize the Executive Director to negotiate (consistent with approved program parameters), execute and record loan documents as necessary to implement the loan program.

**EXECUTIVE SUMMARY:** The Community and Economic Development Committee (C&ED) is recommending that the Redevelopment Agency Board adopt a commercial rehabilitation loan program for small businesses located Downtown and within the Ojo de Agua Redevelopment Project Area. This program would provide funding to rehabilitate commercial buildings enabling new or existing businesses to locate or expand in downtown area, while at the same time eliminating blight and fostering economic revitalization. Such a program is consistent with the adopted Ojo de Agua Five-Year Implementation Plan and is specifically authorized by California Redevelopment Law. This program is meant to fill the financing gap which occurs when a small business does not have access to needed additional capital and/or equity. The program would be available to small business owners regardless of whether they are the property owner or a tenant of a downtown building.

The proposed loan program is attached to this memo. A loan committee shall be made up of representatives from the Agency (BAHS), City Finance Department and private financial lending institution. The loan committee would review loan applications and make recommendations to the Executive Director for final approval. The key components of the program are as follows:

- Maximum loan amount is \$100,000, but cannot exceed an amount equal to \$10,000 multiplied by the number of borrower's employees located at the downtown location
- Interest rate at LAIF plus ½% amortized over 15 years
- Loan terms can be for a maximum of 7 years and can be deferred for the first 12 months
- Demonstrated need for "gap" financing
- Must be an existing building in the downtown core (PBID boundaries)
- Applicant must demonstrate conformance to program requirements
- Repayment of the loan must be adequately secured
- Use of loan proceeds are restricted to items such as general tenant improvements/rehabilitation, expansion, or modernization of facilities, certain soft costs such as engineering and architectural services related to construction of eligible items, repair of code violations/deficiencies, ADA improvements, facade improvements, and required off-site improvements.

Upon approval, staff, with the assistance of the Morgan Hill Downtown Association, will do public outreach to make prospective applicants aware of the loan program and make loan application materials available for submittal to Agency staff. It should be noted that one business, Booksmart, has already inquired about the availability of Agency loan assistance.

**FISCAL/RESOURCE IMPACT:** The BAHS FY06-07 budget has \$150,000 allocated for this program.



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

### **CONSIDERATION OF CONSTRUCTION BID FOR DEPOT STREET RECONSTRUCTION PROJECT**

#### **RECOMMENDED ACTION(S):**

Consider bid results from Depot Street Reconstruction project and staff recommendation to be presented at or prior to meeting.

#### **EXECUTIVE SUMMARY:**

The Depot Street Reconstruction project is a federally funded street enhancement project for Depot Street between Main Avenue and Fifth Street. The project is made possible by a \$2.6 Million grant the City received from the Metropolitan Transportation Commission (MTC). The scope of work includes completely reconstructing Depot Street with new pavement, curb and gutter, sidewalks, decorative street lights, benches, landscaping, and storm drain improvements.

The bid opening was held on July 11, 2006 and the bids received are as listed below. There is insufficient funding in the CIP to award the bid and account for all other associated project costs such as design services, construction staking, inspection, and staff oversight. Staff will be taking the issue to the Council's Economic Development Subcommittee on Friday, July 21, 2006 to discuss options for the City to resolve the funding shortfall. Staff will then present a recommendation to the full Council for consideration at the July 26<sup>th</sup> meeting with a supplement to this staff report.

Wattis Construction Co.	\$2,925,660
Golden Bay Construction, Inc.	\$2,974,333.50
RGW Construction, Inc.	\$3,122,410
Granite Rock Company	\$3,449,960
Granite Construction Co.	\$3,688,248

Assuming the bid is awarded at the July 26, 2006 Council meeting this project is scheduled to begin in late August, 2006 and be completed by January, 2007.

**FISCAL/RESOURCE IMPACT:** None with this action. A supplemental staff report will be presented to the Council with appropriate fiscal/resource impacts.

**Agenda Item #** 20

**Prepared By:**

**Deputy Director**

**Approved By:**

**Public Works Director**

**Submitted By:**

**City Manager**



## ***CITY COUNCIL STAFF REPORT***

***MEETING DATE: July 26, 2006***

**Agenda Item # 21**

**Prepared By:**

**Community  
Development  
Director**

**Submitted By:**

**City Manager**

### **REPORT ON POSSIBLE BALLOT MEASURE TO AMEND THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM ORDINANCE (MEASURE C) FOR DOWNTOWN MIXED USE PROJECTS**

#### **RECOMMENDED ACTION(S):**

If the Council decides to place a measure on the ballot to amend the Residential Development Control System (RDCS), then the appropriate action would be to adopt a resolution calling and giving notice of the holding of a special municipal election to be held on Tuesday, November 7, 2006 for submittal to the voters of a ballot measure to revise Ordinance No. 1665, New Series, to allow for up to 100 additional housing units and remove timing of construction limitations for Downtown housing and mixed use projects that are consistent with the Downtown Plan.

**EXECUTIVE SUMMARY:** On January 13, 2006 the CED Committee held a Workshop to begin discussion of a possible amendment to Measure C for downtown projects, and on March 1, 2006 the City Council agreed with the CED Committee that a ballot measure was not feasible for the June 2006 election, but requested that the CED Committee continue to explore the idea of a ballot measure for the November 2006 election, to either exempt downtown from or change how Measure C applies to downtown for residential and mixed use projects. The CED Committee was to report back to the full Council by July 2006. The CED Committee has continued to discuss this matter at its meetings, and a Stakeholder Workshop was jointly hosted by the City and the Downtown Association on June 12, 2006. A Special Meeting was held on July 20<sup>th</sup> and continued to July 21<sup>st</sup> to develop two alternate versions of a possible ballot measure.

The ballot measure alternatives will be structured in a way that either would qualify for a CEQA exemption, in that development would be consistent with the Downtown Plan and within the levels already analyzed by the Mitigated Negative Declaration adopted for the Downtown Plan.

The primary purpose of a ballot measure would be to provide an incentive for and make more feasible housing and mixed use developments located in the downtown core area, which is defined as south of Main, north of Dunne, east of Del Monte, and west of the railroad tracks.

As the CED Committee has not yet completed drafting the two alternate versions of a ballot measure; these will be provided in a Supplemental Staff Report.

**FISCAL/RESOURCE IMPACT:** The cost to the City of placing this measure on the ballot is estimated to be within the range of \$25,000 to \$75,000.



## **REDEVELOPMENT AGENCY**

**MEETING DATE:** *July 26, 2006*

### **OWNER PARTICIPATION AGREEMENT (OPA) WITH GUNTER BUILDING, LLC. FOR THE REDEVELOPMENT OF THE FORMER GUNTER BROTHERS BUILDING**

**Agenda Item #** 22

**Prepared By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

**RECOMMENDED ACTION(S):** 1) Authorize the Executive Director to do everything necessary and appropriate to execute and implement the OPA with Gunter Building, LLC. in an amount of \$462,400 and 2) appropriate \$462,400 from Fund 317.

**EXECUTIVE SUMMARY:** In January 2005, the Redevelopment Agency (Agency) directed staff to negotiate an agreement for the redevelopment of the former Gunter Brothers building (Project) located at 17620 Monterey Rd. (north of the corner of Main Ave./Monterey Rd.). As part of the conceptual approval, the Agency preliminarily committed \$363,000 toward the Project.

Since January 2005, the developer completed the acquisition of the property, secured funding from the State to remediate the site, revised the Project to be a 3-story, mixed use building with groundfloor retail/commercial, second floor office, and third floor residential (4 units), and obtained ARB approval for Phase I of the Project. The developer has also received an allocation of residential units under Measure C. Phase I is the development of the 27,000 sq. ft. 3-story building. Phase II will consist of 11 residential units located to the rear of the site. With the expansion of the Project from 2-stories to 3-stories and further refinement of the budget, the Developer has indicated it has a larger financing gap and is requesting additional funds from the Agency. Specifically, total project costs went from \$2.0M to \$3.4M. The initial request was for \$363,000: a \$75,000 façade grant and \$288,000 loan for acquisition/construction. The new request is for a total of \$462,400 which is \$99,400 higher than the initial request.

The following are the key terms of the OPA:

- An \$112,400 grant for a 10 year façade easement. The façade easement will include an operating covenant which will require for 10 yrs that the ground floor must be for retail uses. However, the developer will follow the Downtown Administrative Use Permit process to request non retail uses.
- A \$350,000 loan for 5 yrs at 4% interest with payments deferred for the first 18 months; payments would be amortized over 15 yrs but due in 5 years or when building permits are pulled for the Phase II development, whichever is sooner.
- The loan is for tenant improvements.
- The Developer anticipates obtaining a construction loan of about \$2.7M.
- The developer shall complete environmental remediation of the site in accordance with State contract and schedule.

The Council's Community and Economic Development Committee (C&ED) and staff have reviewed this request and recommend its approval. In essence, the Agency is providing short term financing for the Project and has about a 3% subsidy (\$112,000 out of \$3.4M) invested into the Project. Overall, the Agency investment is reasonable given the benefit of eliminating a blighted structure and replacing it with a quality building in the northern gateway to the downtown.

**FISCAL/RESOURCE IMPACT:** Staff initially contemplated the expenditure of these funds in FY05-06. As a result, the FY06-07 BAHS budget did not re-budget funds for this activity and the Agency will need to appropriate \$462,400 from Fund 317.



# CITY COUNCIL STAFF REPORT

**MEETING DATE:** July 26, 2006

Agenda Item # 23

Prepared By:

Director of Recreation  
and Community  
Services

Submitted By:

City Manager

## SPECIAL EVENT USER FEES and PARK/FIELD RENTALS

### RECOMMENDED ACTION:

1. Open and Close Public Hearing
2. Approve Proposed Special Event User Fees and Park/Field Rentals
3. Approve Resolution of the City of Morgan Hill to Establish Special Event User Fees and Park/Field Rentals

### EXECUTIVE SUMMARY:

The Parks and Recreation Commission's fiscal year 2005/06 Work Plan included an item to consider establishing user fees for parks and sports fields. The PRC discussed this item at its January, February, March, and April meetings and recommends that the City Council implement a user fee system. The recommendation includes a full cost recovery strategy for special events administration (Attachment A) and a partial cost recovery strategy for sports fields and park facilities (Attachments B and C).

	Current Cost Recovery	Proposed Cost Recovery
Special Events - Administration	37%	100%
Sports Fields	.004%	7%
Picnic Areas	12%	30%

Currently, users are charged an application fee, but are not required to pay for each use. For clarification purposes, staff recommends classifying special events as a user fee, while sports fields and picnic areas would be classified as rentals.

Additionally, Resolution No. 5593 adopted on July 17, 2002, created Categories A, B, and C to define which user groups would be charged for fields and picnic areas. The proposed rental system eliminates this distinction and creates a resident/non-resident system. To qualify for the resident rate, both the PRC and staff recommend that organizations must certify that at least 85% of their membership resides in Morgan Hill.

Since the April 2006 PRC meeting, staff has had the opportunity to further evaluate the actual expenses within the limits of the City's current accounting practices. As a result of our evaluation, expenses are lower than reported to the PRC. Consequently, the staff recommended special event user fee is lower than the PRC's recommendation. However, the PRC's rationale has been applied to the staff recommendation.

Proposed Special Event User Fees	Current Application Fee	PRC Recommendation	Staff Recommendation
<i>Special Events – Admin.</i>			
Small (less than 500)	\$125/application	\$260	\$193 user fee
Large (500 or more)	\$125/application	\$722	\$547 user fee
Proposed Park and Field Rentals	Current Application Fee	PRC Recommendation	Staff Recommendation
<i>Sports Field</i>	\$17/application	\$1/hour/field: resident team \$2/hour/field: non-resident team	\$1/hour/field: resident team \$2/hour/field: non-resident team
<i>Lights</i>	\$0	\$1/hour/field	\$1/hour/field
<i>Picnic Areas</i>	\$17/application	\$37: resident \$74: non-resident	\$37/rental: resident \$74/rental: non-resident

### FISCAL IMPACT:

Staff estimates that the proposed user fees could generate new revenue of over \$10,000 per year to assist in recovering existing expenses if current demand continues.



## **RESOLUTION NO.**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ESTABLISHING FEES AND RENTAL CHARGES FOR RECREATION SERVICES, INCLUDING PARKS AND FIELD RENTALS AND SPECIAL EVENT USER FEES PURSUANT TO TITLE 3, CHAPTER 3.54, OF THE MORGAN HILL MUNICIPAL CODE**

**WHEREAS,** the City of Morgan Hill provides numerous recreation services and leisure opportunities for its citizens through a wide variety of classes and facilities; and,

**WHEREAS,** on May 15, 1991, the City Council of the City of Morgan Hill adopted Ordinance No. 1030, N.S., codified as Chapter 3.54 of the Morgan Hill Municipal Code, which establishes city policy as to the criteria for establishment of fees to be charged for recreation services, and a methodology for adjustment thereof; and,

**WHEREAS,** the City Council finds that the operational costs of classes and facilities, as well as costs inherent in the administration of class registrations and facility bookings, necessitates charging fees and rents to the public for such recreation services; and,

**WHEREAS,** the City Council of the City of Morgan Hill has received and duly considered the report entitled "Cost Recovery Findings," dated May 2002, authored by DMG Maximus, portions of which address recreation services fees and charges; and, of which address recreation services fees and charges; and,

**WHEREAS,** City staff has provided additional information to the City Council regarding the costs of providing recreation services to the general public, and the analytical process used to arrive at calculation of such costs; and,

**WHEREAS,** the City Council finds that the methodology set forth by consultants and staff regarding calculation of the fees and rents to be charged for recreation services establishes a reasonable relationship between the costs inherent in providing such services and the fees and rents to be charged, given the policy reasons which were also set forth by staff and consultant and which are incorporated herein; and,

**WHEREAS,** on July 26, 2006, the City Council held a duly noticed public hearing, and considered all written and verbal information presented to it, which testimony and exhibits are hereby incorporated into the record of this matter.

**NOW, THEREFORE,** the City Council of the City of Morgan Hill, based upon all documents, statements and facts known to the City, does hereby resolve:

**SECTION 1. Fee Schedule Adoption.** Based upon the record before it and the findings set forth above, the City Council hereby adopts the schedule of fees and rents attached hereto and incorporated herein as Exhibit A. The City Council directs the City Manager to have the appropriate City departments apply and collect said fees and rents for identified services.

**SECTION 2. Separate Fee or Rent For Each Process; Additional Fees and Refunds.** All fees or rents set by this resolution are for each identified process or service. Additional fees or rents shall be required for each additional process or service that is requested or required. Where fees or rents are indicated on a per unit basis of measurement, the fee or rent stated is for the identified unit or portion thereof within the indicated ranges of such units.

**SECTION 3. Collection of Fees and Rents.** The fees and rents specified in Exhibit A shall be charged and collected beginning July 27, 2006, and thereafter.

**SECTION 4. Automatic Annual Adjustment.** Each fee or rent referenced in Exhibit A shall be adjusted automatically on July 1 of each fiscal year, beginning on July 1, 2007, by the increase in the Consumer Price Index for Urban Wage Earners, for the year ended the previous April.

**SECTION 5. Interpretation.** This Resolution may be interpreted by the City Manager. Should there be a conflict in regards to the applicability of the fees or rents, or the charges imposed thereunder, the City Manager is authorized to determine which fee, rent or combination thereof, should be applied.

**SECTION 6. Severability.** If any portion of this Resolution is declared invalid by a court of competent jurisdiction then it is the intent of the City Council that all other portions of the Resolution shall be severed and remain in full force and effect.

**PASSED AND ADOPTED** by the City Council of Morgan Hill at a Regular Meeting held on the Day of July, 2006 by the following vote.

**AYES: COUNCIL MEMBERS:**  
**NOES: COUNCIL MEMBERS:**  
**ABSTAIN: COUNCIL MEMBERS:**  
**ABSENT: COUNCIL MEMBERS:**

**∞ CERTIFICATION ∞**

**I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,** do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Regular Meeting held on July , 2006.

**WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.**

**DATE:** \_\_\_\_\_

\_\_\_\_\_  
**IRMA TORREZ, City Clerk**

**ATTACHMENT C**

City of Morgan Hill, California  
**Picnic Area Expense and Revenue Summary**  
 July 2006

*Cost Recovery Summary*

	<b>Proposed</b>	<b>Current</b>
<b>Annual Expense:</b>	<b>\$13,435.50</b>	<b>\$13,435.50</b>
<b>Annual Revenue:</b>	<b>\$3,959.00</b>	<b>\$1,581.00</b>
<b>Cost Recovery:</b>	<b>30%</b>	<b>12%</b>

*Expense Detail*

## Park Maintenance

Community Park Expense per Reservation	Total Number of Community Park Reservations	Subtotal	Neighborhood Park Expense per Reservation	Total Number of Neighborhood Park Reservations	Subtotal	Total Annual Park Reservation Maintenance Expense
\$125	83	\$10,375	\$50	10	\$500	\$10,875

## Application Processing

Recreation Staff Cost per Hour	Number of Hours per Application	Number of Applications	Total Application Expense
\$55	.5	93	\$2,557.50

Total Annual Expense: \$13,435.50

*Proposed Revenue Detail*

## Resident Rental Charges

Resident Rental Charge	Resident Rentals	Annual Resident Rental Charge
\$37	79	\$2,923

## Non-resident Rental Charges

Non-resident Rental Charge per Hour	Non-resident Rentals	Annual Non-resident Rental Charge
\$74	14	\$3,959

Total Annual Revenue: \$3,959



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** July 26, 2006

### **CENTENNIAL RECREATION CENTER FITNESS EQUIPMENT PURCHASE**

#### **RECOMMENDED ACTION:**

1. Approve a Purchase Order of \$82,979.40 to Cybex International for the Purchase of Centennial Recreation Center Strength Machines, Free Weight, and Plate Loaded Equipment.
2. Approve a Purchase Order of \$21,580.38 to Advantage Fitness Products for the Purchase of Centennial Recreation Center Elliptical and Stretch Trainer Equipment.
3. Consider staff recommendation regarding award of bid for cardiovascular equipment.

#### **EXECUTIVE SUMMARY:**

On July 5 and 8, 2006, the City publicly noticed the solicitation of sealed proposals for the purchase, delivery, and installation of the Centennial Recreation Center's fitness equipment. Three bid packages were developed and the City received proposals from the following vendors.

#### *Bid Package A: Strength Machines, Free Weight, Plate Loaded*

<b>Cybex International:</b>	<b>\$82,979.40</b>
Life Fitness:	\$86,090.94
Advantage Fitness Products – Matrix:	Incomplete
Advantage Fitness Products – Tuff:	Incomplete

#### *Bid Package B: Cardiovascular*

Advantage Fitness Products – Matrix:	\$106,537.98
Star Trac:	\$106,577.68
Life Fitness:	\$107,471.96
Advantage Fitness Products – Precor:	\$115,581.23
Cybex International:	Incomplete

#### *Bid Package C: Elliptical and Stretch Trainers*

<b>Advantage Fitness Products – Precor:</b>	<b>\$21,580.38</b>
Cybex International:	Incomplete
Life Fitness:	Incomplete

After evaluating the proposals, staff recommends that the City Council approves purchase orders to the low bidder of Bid Package A and C. For Bid Package B, staff is still in the process of evaluating the proposals. A supplemental report will be provided to the City Council prior to the meeting with a staff recommendation.

#### **FISCAL IMPACT:**

There are sufficient funds included in the Centennial Recreation Center's Furniture, Fixtures, and Equipment (FF&E) budget for the recommended expense.

Agenda Item # 24

Prepared By:

\_\_\_\_\_  
Director of Recreation  
and Community  
Services

Submitted By:

\_\_\_\_\_  
City Manager



## CITY COUNCIL STAFF REPORT

**MEETING DATE:** July 26, 2006

### **ZONING TEXT AMENDMENT TO CHAPTER 18.47, AFFORDABLE HOUSING BONUSES AND OTHER INCENTIVES AND CHAPTER 18.55, SECONDARY DWELLING UNITS**

#### **RECOMMENDED ACTION(S):**

1. Open/close Public Hearing
2. Waive the First and Second Reading of the Ordinance
3. Introduce Ordinance

**EXECUTIVE SUMMARY:** As part of the adoption of the updated Housing Element, staff is recommending amendments to housing related provisions in the Zoning Code, Title 18, Chapter 18.47, the “Affordable Housing Bonuses and Other Incentives” chapter and Chapter 18.55, the “Secondary Dwelling Units” chapter. The amendments are necessary to comply with changes in the California Government Code.

Chapter 18.47 encourages the provision of affordable housing by granting density bonuses and other incentives to developers that construct housing units affordable to senior citizens and lower income persons and households. This chapter was added to the Zoning Code in 1991 as required under Section 65915 of the California Government Code. Locally, developers have not used the provisions in this chapter because affordable housing is provided through the affordable housing commitments under Measure C. The most recent amendments to Section 65915 were enacted under SB 1818 and went into effect in January 2005. Further amendments to this section in the Government Code are pending in the current State Legislative session. Attached is an analysis of SB 1818 that describes the changes required in Chapter 18.47 of the Municipal Code if the City were to adopt the same provisions, and Government Code Section 95915.

Because affordable housing in Morgan Hill is accomplished through Measure C, and given that further changes the State’s density bonus provisions are pending in the state legislature, the Planning Commission recommends the City Council repeal the local density bonus provisions and adopt the State provisions by reference. This will allow the City’s Municipal Code to remain consistent with the Government Code as it may be amended.

Chapter 18.55 provides for secondary dwelling units in certain areas and on lots developed or proposed to be developed with single-family dwellings. In 1997, the City amended Chapter 18.55 to impose a conditional use permit requirement for secondary dwellings located in the R-1 (7000) and R-1 (9000) districts. This requirement has been pre-empted under a change in State law that requires secondary dwelling units to be a permitted use in all allowable zoning districts. To comply with the Government Code, the Planning Commission recommends that Chapter 18.55 be amended to include secondary dwellings as a permitted use in the R-1 (7000) and R-1 (9000) districts. The Commission also recommends Section 18.55.050(H) in Chapter 18.55 be repealed, eliminating the local street standard requirement. This will allow secondary units to obtain access from a private street or circulation aisle as is currently allowed for single family dwellings without a secondary dwelling unit.

**FISCAL/RESOURCE IMPACT:** No budget adjustment required. Adoption of the State Density Bonus law by reference will insure that the City’s Municipal Code remains in compliance as the State law is amended from time to time. The amendment will have no impact on local resources because affordable housing in Morgan Hill is accomplished through Measure C. Elimination the Conditional Use Permit requirement and public street standards for secondary dwellings will streamline the permit processing for secondary dwellings.

Agenda Item # 25

Prepared By:

Planning Manager

Approved By:

Community  
Development Director

Submitted By:

City Manager



## **REDEVELOPMENT AGENCY**

**MEETING DATE:** *July 26, 2006*

**Agenda Item # 27**

**Prepared By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

### **URBAN HOUSING COMMUNITIES (UHC)- SENIOR HOUSING PROJECT**

**RECOMMENDED ACTION(S):** Authorize the Executive Director to do everything necessary and appropriate to 1) /purchase/acquire a 2.8 acre site at 98 E. Central Avenue from Capogeannis Trust for \$3.725M less deposits applied toward the purchase price plus closing/escrow costs for a 49 unit senior housing project, including the assumption of the purchase agreement from UHC, subject to Agency Counsel review and 2) negotiate, prepare, and execute an Exclusive Right to Negotiate (ERN) agreement with Urban Housing Communities, subject to Agency Counsel review, to develop the site which will include the reimbursement of their deposits for the property purchase.

**EXECUTIVE SUMMARY:** For past two years, Urban Housing Communities (UHC), a non-profit developer, has been working to obtain an allocation of units for this site on Central Ave and the railroad tracks. UHC has recently received an allocation for 49 affordable units under the last RDCS competition. The proposed 49 unit project will consist of 37 one-bedroom units and 12 two bedroom units affordable to senior households earning between 25% and 50% of median income (\$25,000 to \$42,000/yr). Initially, the project was a family rental project, but staff believed this was a better location for a senior project. The amenities include a swimming pool and recreation room. The project also requires the extension of McLaughlin Ave. UHC anticipates that the Agency's permanent loan to the project would be about \$3.17M or about \$550,000 less than the initial acquisition costs of \$3.725M.

In the past, the Agency would typically provide UHC with an acquisition loan for the property. Although UHC has an allocation under Measure C, UHC cannot take occupancy of the units until FY09-10. As a result, some of the identified financing sources could be unavailable at the time of construction and the financing gap could far exceed UHC's estimate of \$3.17M. Given the uncertainty of future funding sources for this project, staff believes it is more prudent to have the Agency purchase the land directly to have more flexibility over the future development of the site.

However, in recognition of the significant time and money UHC has devoted to obtain the allocations for the site, we recommend that the Agency enter into an ERN with UHC for 12 months to negotiate the terms of the disposition and development agreement (DDA). The ERN allows UHC to negotiate the development of the site exclusively with the Agency. The ERN should also reimburse UHC for their deposits toward the purchase price.

The purchase agreement the Agency is assuming requires escrow to close by August 31, 2006 or the Agency will be required to pay \$18,625 for each additional 30 day extension (see the attached). The agreement was originally signed in November 2004. Given there is no Agency meeting between July 26<sup>th</sup> and August 23<sup>rd</sup>, we are requesting authority to prepare and execute the documents as needed to acquire the property and enter into an ERN with UHC. During the next 35 days, the staff will complete its due diligence and acquire the property. It should be noted that the site has appraised for the purchase price and our independent financial analysis of the project indicates the costs are reasonable. The Council's Community and Economic Development Committee recommends approval of the Agency's proposed participation in this project.

**FISCAL/RESOURCE IMPACT:** The BAHS FY06-07 budget allocated sufficient funding for the acquisition of this property.



**CITY COUNCIL/REDEVELOPMENT**  
**AGENCY STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

**DOWNPAYMENT ASSISTANCE PROGRAM**

**RECOMMENDED ACTION(S):** 1) Adopt a city employee downpayment assistance program, 2) authorize the Executive Director/City Manager to develop and implement a downpayment assistance program per the program parameters as recommended by the Council's Community and Economic Development Committee (C&ED), and 3) direct staff to report back to the City/Agency in January 2007 on the results of the program and provide a recommendation regarding the implementation of a city-wide program.

**EXECUTIVE SUMMARY:** In February 2006, staff worked with five interns from the Goldman School of Public Policy at U.C. Berkeley to assist with the development of a downpayment assistance program for city employees and on a city-wide basis. This program was included in the FY05-06 BAHS workplan and has been continued in the FY06-07 BAHS workplan.

The need for the employee program stems from the desire to recruit and/or retain quality City employees. We anticipate that worker productivity would be improved by having employees who live closer to respond to emergency calls and who will develop a more vested interest in the community in which they work. The report did include a survey of City employees. Of the 77 employees who responded, upwards of 17 employees could be eligible and interested in this program. With regard to the city-wide need, the adopted Affordable Housing Strategy indicated there was a need for a city-wide downpayment assistance program. All applicants would need to earn less than 120% of median household income to qualify for the program.

Early on in the process, we determined that one program could accommodate both city employees and non-city employees, with city employees receiving a preference. The key report recommendations were presented to the C&ED for review and they are recommending a program be developed with the parameters as shown in Attachment A. Most of the parameters are based on the best practices from other cities with similar programs, with modifications to reflect Morgan Hill's needs. For your reference, Attachment B contains the report tables related to best practices in other cities and Attachment C contains the section of the report titled "Discussion of the Recommended Parameters." This section best describes the discussions held related to the base parameters.

The recommended program parameters are in essence the same program contained in the report, but with some minor tweaks to reflect ease of program administration and the C&ED's recommendations. We are also recommending that the program be made available only to city employees first so we can better evaluate the program. This information will be used to determine if we should implement a city wide program. We anticipate making the program available to city employees in September and completing the first loan by the end of the year. In January 2007, staff will report on the status of the program to the City Council and have a recommendation regarding the implementation of a city-wide program.

**FISCAL/RESOURCE IMPACT:** The FY06-07 BAHS budget has \$2M in housing mitigation funds and \$1M in Agency 20% setaside funds budgeted for this activity. However, BAHS has or will have 3 employees on extended leave and the implementation of the program may require additional resources or may adversely impact the administration of other housing programs/projects.

Agenda Item #	28
Prepared By:	
Director of BAHS	
Submitted By:	
City Manager	

**ATTACHMENT A**  
**DOWNPAYMENT ASSISTANCE PROGRAM**  
**Key Program Parameters**

Loan Amount:	Up to \$80,000 for median/lower income households Up to \$50,000 moderate income households
Income limit:	Up to 120% of area median income
Interest rate:	LAIF plus 1/2%, simple interest
Repayment term:	30 yr loan, payments deferred for first 5 yrs, payments beginning in yr 6 and amortized over 25 yrs; due upon transfer/sale of the property
Required contribution:	3% of purchase price
Home Price Purchase:	No limit, but asset limits to ensure funds help those who most need assistance
Eligibility:	1) City employees who are first time home buyers (off probation) 2) City employees who live outside of the area (off-probation) The following is only applicable for a city-wide program: 3) Non-city employees who are first time home buyers and work in Morgan Hill or for the school district (one-year & off probation) 4) Non-city employees who are first time home-buyers and rent in Morgan Hill (must have previously lived in City for 12 months)
Other conditions:	Must be owner occupied Must be a legal dwelling within the City limits Cannot be combined with the BMR program or other Agency assisted project/program Secured against the property
Implementation:	First year pilot program to city employees only to evaluate the program Assistance on a first-come, first serve basis
Source of funding:	Agency 20% Housing Set Aside funds and Housing Mitigation Funds
Authority:	City Manager/Executive Director will have authority to approve loans up to the stated limits, develop all program materials and make program modifications as needed so long as the loan maximums are not exceeded, and execute the loan documents as necessary and appropriate.





***CITY COUNCIL STAFF REPORT***  
***MEETING DATE: JULY 26, 2006***

**Agenda Item # 29**

**Prepared By:**

**Public Safety &  
Community Services  
Committee**

**Submitted By:**

**City Manager**

**REQUEST BY POPPY JASPER FILM FESTIVAL FOR CITY CO-SPONSORSHIP**

**RECOMMENDED ACTION(S):**

- 1) Council determination as to whether to sponsor the Poppy Jasper Film Festival, allowing advertising in the City's publications; and
- 2) Defer action on the request for financial assistance until the Committee has completed its review and recommendation for a process for considering similar requests.

**EXECUTIVE SUMMARY:** Council has directed the Public Safety and Community Services Committee to develop recommendations on a process for considering requests by non profit groups for financial assistance from the City. We have begun that review and hope to have recommendations for Council consideration in September 2006.

The Chair of the Poppy Jasper Film Festival has previously advised us that they would seek a City subsidy of the event through reduction or payment of rental fees at the Community and Cultural Center. Their most recent letter is attached.

The adopted FY 07 budget includes \$60,000 for various community special events. Of this total, we have already committed \$28,700 for IDI and the United Way's 211 project.

Poppy Jasper is also requesting official City sponsorship in order to receive the benefit of advertising in the City's newsletter.

Council has previously been informed of the restrictions on use of City publications to advertise non City activities, and from time-to-time has voted to officially co-sponsor an activity in order to allow such advertising.

The Committee will continue working on the financial assistance request, but believes the full Council should determine whether co-sponsorship is appropriate.

**FISCAL IMPACT:** None at this time.



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** *July 26, 2006*

**Agenda Item #** 30

**Prepared By:**

**Council Services &  
Records Manager**

**Submitted By:**

**City Manager**

### **VOTING DELEGATE TO THE 2006 LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE**

#### **RECOMMENDED ACTIONS:**

1. **Appoint** Voting Delegate and Alternate Voting Delegate to the League of California Cities' Annual Conference;
2. **Consider** the Appointment of a Second Alternate Voting Delegate; and
3. **Direct** the City Clerk to Complete the Voting Delegate Form and **Forward** said form to the League of California Cities.

#### **EXECUTIVE SUMMARY:**

The League of California Cities will be holding its Annual Conference on Wednesday, September 6 through Saturday, September 9, 2006 in San Diego. At the Annual Conference, the League conducts its Annual Business Meeting where League Members take action on conference resolutions. These resolutions help guide cities and the League in its efforts to improve the quality, responsiveness and vitality of local government in California. The League's bylaws stipulate that each city is entitled to one vote on matters affecting municipal or League policy. The Annual Business meeting is scheduled for Saturday morning, September 9. The memorandum from the League of California Cities requesting the Designation of a Voting Delegate for the League's Annual Conference is attached to the staff report.

It has been the City Council's past practice to appoint the Mayor as the primary voting delegate and the Mayor Pro Tempore as the alternate voting delegate. Staff is requesting the Council appoint the primary voting delegate and an alternate voting delegate. The League of California Cities has authorized the appointment of a second alternate in order to plan for unforeseen situations.

**FISCAL IMPACT:** The time necessary to prepare this report is accommodated in the Council Services and Records Manager's operating budget.